

FINANCE 440 – Sec 001, 002
FINANCIAL MODELING
SPRING 2012

Professor: Matt Maher
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Office Hours: 11:00-12:15 TuTh
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Text: Simon Benninga, Financial Modeling, 3rd edition, The MIT Press, 2008.

Prerequisites: FINAN 304.

Course Description: This course is a survey of financial quantitative modeling and decision making with EXCEL spreadsheet technology. For example, we will build mathematical programming models to construct pro forma financial statements, calculate cash flows and discount rates, and employ them for valuation. In addition, the class covers portfolio optimization techniques, simulation, growth rates, regression analysis, bond analysis, option pricing models and introduces macros. A significant portion of the class details the power of EXCEL to examine and present data.

Evaluation:

Assignments and Homework: These will make up approximately 40-50% of the grade.

Exams: Two midterms and final will be worth about 40-50% of the grade.

Book Report: A book report will be worth approximately 15% of the grade.

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| Scale: 100-90% | A |
| 89-80% | B |
| 79-70% | C |
| 69-60% | D |
| below 60% | F |

Absences: Only legitimate university-wide excuses are acceptable. Written proof will be required. Important--quizzes cannot be made up.

Academic Integrity: Cheating will result in your dismissal from class and a grade of "F". Further sanctions are possible if circumstances warrant them. Note that plagiarism is cheating, do your own work on assignments.

Dates: 1st Midterm: Tuesday, February 14.
2nd Midterm: Tuesday, March 20.
Final: 1:40 class--Thursday, May 10, 1:00-3:00pm.
3:15 class—Tuesday, May 8, 3:30-5:30 pm.

**FINAN 440 FINANCIAL MODELING
BOOK REPORT ASSIGNMENT
Spring 2012**

Your task is to craft a short book report on a business book shown on the list following these instructions or another book approved by the instructor. The general criteria for approved books are that they explore the links between business, mathematics, and technology--especially well-documented books that survey and sum up the above links. Books that are essentially directed at pure "management" issues, personal investing manuals, or that simply predict future business trends without documenting the past will probably not fit the requirements of this course. The book you chose to report on has to fit the content requirements detailed below or your grade will suffer. For example, a book that has no documentation for its conclusions will be unable to fulfill the charge that you discuss the documentation.

I assume that students will honor the spirit of the course by choosing books they have not previously read and cheerfully abide by the instructor's decision on the applicability of particular books for this assignment. The goal is to satisfy the diverse interests of the class yet maintain academic rigor. If I discover that is not the case we will probably revert to the one-book- fits-all book report assignment.

CONTENT: Your report should discuss the chosen book on three different levels. It should detail the main argument(s) of the book, carefully discuss the evidence or documentation supporting the arguments or conclusions the book draws, and demonstrate a current business situation(s) that supports the book's thesis. Note that you can demonstrate the last requirement (how the book applies to some real world situation) with some outside article if you so choose. Your grade will be influenced by how well you integrate the three levels discussed above.

FORMAT and DOCUMENTATION: Your report is limited to five typed, double spaced pages. The report should include a list of references (see COBE Writing Guide at <http://cobe.boisestate.edu/>) and correct use of footnotes will be rewarded. Make sure the reader understands when direct quotes are employed or where comments from other sources come from. You do not need a content page or a cover for the paper, simply a title page with your report's title and your name.

PRESENTATION: Grading will be heavily influenced by your presentation. Be sure to give the reader a roadmap of your paper early on (this particular point cannot be emphasized enough). You should employ solid sentences, well-constructed paragraphs, and possibly headings to lead the reader through your paper. Avoid the use of the first person (keep "I" out of your paper). Grammatical mistakes, spelling errors, penciled in corrections, illegible dot-matrix printers and the like are unacceptable and you will not be given a second chance for these types of problems. Don't forget to make the report interesting; flat, workmanlike efforts will not receive top grades. I will make an effort to give credit for "degrees of difficulty" in the book you chose for the report, but avoid writing about books you do not understand.

DUE DATE: Thursday, March 8 at the beginning of class (Late charge is 10% per day)

POINTS: 100

Pre-approved Books: (in random order)

Boomerang by Michael Lewis

The Smartest Guys in the Room, Bethany McLean

The Myth of the Rational Market, Justin Fox.

Lords of Finance: The Bankers Who Broke the World by Liaquat Ahamed

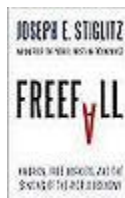
Capital Ideas Evolving by Peter L. Bernstein, John Wiley & Sons, Inc., 2007 

The Elements of Investing Burton G. Malkiel (Author), Charles D. Ellis (Author)

Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System---and Themselves by Andrew Sorkin

The End of Wall Street, Roger Lowenstein

Crash Course, Paul Ingrassia



Freefall: America, Free Markets, and the Sinking of the World Economy, *WW Norton*, January 2010.

The Big Short: Inside the Doomsday Machine by Michael Lewis

New Era Value Investing: A Disciplined Approach to Buying Value and Growth Stocks, Nancy Tengler

Liar's Poker by Michael Lewis

Reminiscences of a Stock Operator (Wiley Investment Classics) by Edwin Lefèvre, Roger Lowenstein

Inside the House of Money: Top Hedge Fund Traders on Profiting in the Global Markets by Steven Drobny

The Intelligent Investor: The Classic Text on Value Investing by Benjamin Graham
Technical Analysis of the Financial Markets: A Comprehensive Guide to Trading Methods and Applications (New York Institute of Finance) by John J. Murphy

Barbarians at the Gate by Bryan Burrough and John Helyar

Value Investing: From Graham to Buffett and Beyond (Wiley Finance) by Bruce C. N. Greenwald, Judd Kahn, Paul D. Sonkin, and Michael van Biema

Evidence-Based Technical Analysis: Applying the Scientific Method and Statistical Inference to Trading Signals by David R Aronson

Valuation Workbook: Step-by-Step Exercises and Tests to Help You Master Valuation (Wiley Finance)

by Tim Koller, Marc Goedhart, David Wessels, Jeffrey P. Lessard, Inc. McKinsey & Company

The Essays of Warren Buffett : Lessons for Corporate America by Warren E. Buffett and Lawrence A. Cunningham

The Inefficient Stock Market by Robert Haugen (Prentice Hall)

Note: Haugen wrote the FINAN 450 textbook, his other popular press efforts, including The New Finance and The

Beast on Wall Street are also acceptable for this assignment

A Random Walk Down Wall Street by Burton G. Malkiel (Norton) –make sure you get the latest edition.

[Pioneering Portfolio Management: An Unconventional Approach to Institutional Investment](#) by [David F. Swensen](#)

[The Future for Investors : Why the Tried and the True Triumph Over the Bold and the New](#) by [Jeremy J. Siegel](#)

[Capital Ideas](#) by Peter Bernstein (Free Press)

[Den of Thieves](#) by James B. Stewart (Simon and Shuster)

[The Fortune Sellers: The Big Business of Buying and Selling Predictions](#) by William Sherden

["When Genius Failed: the Rise and Fall of Long-term Capital Management](#) by Roger Lowenstein.

[Irrational Exuberance](#) by Robert Schiller (2000) Princeton University Press

Bull! : A History of the Boom, 1982-1999: What drove the Breakneck Market--and What Every Investor Needs to Know About Financial Cycles by [Maggie Mahar](#)

[A Mathematician Plays the Stock Market](#) by John Allen Paulos

[Inefficient Markets: An Introduction to Behavioral Finance](#)

by Andrei Shleifer

[Stocks for the Long Run : The Definitive Guide to Financial Market Returns and Long-Term Investment Strategies](#) y Jeremy J. Siegel

[Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing](#)

by Hersh Shefrin

[Behavioural Finance: A User's Guide](#) by James Montier

□ [^ The Little Book That Beats The Market, Joel Greenblatt ISBN 0-471-73306-7](#)