Finance

Chair

• Erik Lie

Undergraduate major: finance (B.B.A.)
Graduate degree: finance subprogram for the Ph.D. in business administration
Faculty: http://tippie.uiowa.edu/finance/faculty.cfm
Web site: http://tippie.uiowa.edu/finance/

The Department of Finance is committed to delivering undergraduate and graduate programs of study that integrate the technology and analytics of today’s global financial community. The department’s goal is to provide students with the technical skills they will need to enhance their managerial effectiveness, whether they work in large corporations, small organizations, or private consulting.

The department also partners with the Emmett J. Vaughan Institute of Risk Management and Insurance to offer the undergraduate Certificate in Risk Management and Insurance.

Undergraduate Program of Study

• Major in finance (Bachelor of Business Administration)

Bachelor of Business Administration

The Bachelor of Business Administration with a major in finance requires a minimum of 120 s.h., including 20 s.h. of work for the major. The program provides a balance of theory, applications, and financial information technology that facilitates students’ transition from classroom to workplace. Through fundamental finance principles and state-of-the-art financial market information technologies, students develop analytical abilities to interpret financial market data, implement the latest trading and investment strategies, and make effective managerial decisions in national as well as international settings.

The program stresses learning by doing, partnership with industry, and internships, with the goal of enhancing students’ career development. Students receive a balanced education consistent with the globalization of business and the explosion in financial markets and information technology.

Careers for students majoring in finance include corporate treasury operations, cash management, mergers and acquisitions, investment banking, sales and security trading, security analysis, commercial banking and financial services, credit analysis, mortgage lending, financial planning, consulting, public administration, and venture capital.

The major in finance requires the following course work. For B.B.A. common requirements, see Bachelor of Business Administration in the Catalog.

Required courses—all of these:

FIN:3100 Financial Information Technology  2 s.h.
FIN:3200 Investment Management  3 s.h.
FIN:3300 Corporate Finance  3 s.h.
ACCT:3020 Financial Accounting and Reporting  3 s.h.

Electives—a total of three courses chosen from the following two lists:

FIN:3400 Principles of Risk Management and Insurance  3 s.h.
FIN:4020 Topics in Finance  3 s.h.
FIN:4210 Futures and Options  3 s.h.
FIN:4220 Fixed Income Securities  3 s.h.
FIN:4230 Real Estate Process  3 s.h.
FIN:4240 International Finance  3 s.h.
FIN:4250 Applied Equity Valuation  3 s.h.
FIN:4310 Advanced Corporate Finance  3 s.h.
FIN:4320 Commercial Banking  3 s.h.
FIN:4330 Investment Banking  3 s.h.
FIN:4340 Wealth Management  3 s.h.
FIN:4450 Risk Modeling  3 s.h.

Students may include a maximum of one of these in their three electives:

FIN:4410 Corporate and Financial Risk Management  3 s.h.
FIN:4420 Property and Liability Insurance  3 s.h.
FIN:4430 Life and Health Insurance  3 s.h.
FIN:4440 Employee Benefit Plans  3 s.h.

Certificate in Risk Management and Insurance

The Department of Finance and the Emmett J. Vaughan Institute of Risk Management and Insurance offer the undergraduate certificate program in risk management and insurance; see Risk Management and Insurance in the Catalog.

Graduate Program of Study

• Finance subprogram for the Doctor of Philosophy in business administration

In addition to offering a finance program for the Ph.D. in business administration, the department participates in the M.B.A. program, which is offered by the Tippie School of Management; see Master of Business Administration Program in the Catalog.

Doctor of Philosophy

Graduate students in finance may earn a Doctor of Philosophy in business administration. For a description of the Ph.D. program and requirements, see Doctor of Philosophy in the Catalog and visit the Department of Finance web site.

Applicants must meet the admission requirements of the Graduate College; see the Manual of Rules and Regulations of the Graduate College.

Courses

Lower-Level Undergraduate

FIN:1300 First-Year Seminar  1 s.h.

Small discussion class taught by a faculty member; topics chosen by instructor; may include outside activities (e.g., films, lectures, performances, readings, visits to research facilities).
Upper-Level Undergraduate and Graduate

**FIN:3000 Introductory Financial Management** 3 s.h.
Financial management goals and decision making; valuation of bonds and stocks, risk and return analysis, portfolio diversification, market efficiency, asset pricing, cost of capital, agency theory, capital budgeting, financial planning. Prerequisites: ACCT:2100 and ECON:1100 and ECON:1200. Requirements: 60 s.h. completed.

**FIN:3100 Financial Information Technology** 2 s.h.
Applications of commonly used financial software and data systems reviewed by student teams. Corequisites: FIN:3000.

**FIN:3200 Investment Management** 3 s.h.

**FIN:3300 Corporate Finance** 3 s.h.
Advanced managerial decision making; corporate financial policy, dividend policy, agency theory, corporate restructuring, capital structure strategies, mergers and acquisitions, option pricing fundamentals, convertible debt, callable debt, warrants. Prerequisites: FIN:3000. Corequisites: FIN:3100.

**FIN:3400 Principles of Risk Management and Insurance** 3 s.h.
Introduction to risk and insurance; risk identification and evaluation, demand for insurance, effects of limited liability, theory of moral hazard and adverse selection; business and personal risk; insurance as a risk management tool. Corequisites: FIN:3000.

**FIN:3500 Hawkinson Scholar Seminar** 1 s.h.
Advanced skill and understanding required for pursuit of investment banking, management consulting careers; specialized résumé and interview training, industry presentations, relevant case assignments.

**FIN:3510 Hawkinson Scholar Seminar: Topics in Finance** 0 s.h.
Subsectors in the financial services industry, including hedge funds, investment banking, commercial banking; valuation techniques used in real-world mergers, acquisitions, equity offerings, debt financing, and so forth.

**FIN:4020 Topics in Finance** 3 s.h.
Contemporary issues in finance. Prerequisites: FIN:3000.

**FIN:4050 Directed Readings in Finance** arr.
Individually guided readings in selected topics.

**FIN:4210 Futures and Options** 3 s.h.
Use of options, futures, and other derivative securities in financial management; understanding types of derivative securities, markets, trading technology; applications of risk management and speculation; pricing relations with underlying securities. Prerequisites: FIN:3200.

**FIN:4220 Fixed Income Securities** 3 s.h.
Theories of fixed income securities, term structure of interest rates; asset pricing models, valuation of fixed income securities and contingent claims, fixed income portfolio management, immunization strategies, yield curve analysis. Prerequisites: FIN:3000. Corequisites: FIN:3100.

**FIN:4230 Real Estate Process** 3 s.h.

**FIN:4240 International Finance** 3 s.h.
International monetary systems, exchange rate determination, use of currency derivative in hedging and risk management, currency swaps, foreign direct investment, international corporate finance, international capital budgeting, international portfolio investment, Third World debt, privatization, joint ventures. Prerequisites: FIN:3000. Corequisites: FIN:3100.

**FIN:4250 Applied Equity Valuation** 3 s.h.
Equity valuation and portfolio management techniques by investment professionals; economic forecasting, industry analysis, financial statement analysis, spreadsheet modeling, cost of capital estimation, equity valuation and portfolio construction; students manage the University of Iowa's Krause Fund (an endowed equity portfolio that blends academic rigor with real-world portfolio management experience). Prerequisites: FIN:3000. Requirements: UI cumulative g.p.a. of at least 2.80.

**FIN:4310 Advanced Corporate Finance** 3 s.h.
Issues relevant to financial management, payout policy, financial distress and bankruptcy, restructuring, market for corporate control; recent research and cases from the corporate arena; other topics (e.g., bankruptcy) to broaden application and understanding of finance theory. Prerequisites: FIN:3300.

**FIN:4320 Commercial Banking** 3 s.h.
Management of commercial banks and financial service firms; asset and liability management, credit policy, capital risk, liquidity planning, use of swaps and derivatives to hedge interest rate risk, global banking, investment strategies. Prerequisites: FIN:3000. Corequisites: FIN:3100.
FIN:4330 Investment Banking 3 s.h.
How investment banks fill critical roles in maintaining well-functioning financial markets and provide access to capital and strategic advice to companies and governments; recent global financial crisis; how banker's role as intermediary between companies and markets adds value and creates conflicts and risk. Prerequisites: FIN:3400 and FIN:3300.

FIN:4340 Wealth Management 3 s.h.
Financial services for client wealth management; how to make personal investment decisions and build diversified, comprehensive investment portfolios; investment theory; common behavioral biases that lead to investment pitfalls, mistakes; wealth management objectives, portfolio risk and reward, asset allocation, portfolio diversification, tax shield structures, retirement plans, wealth protection, risk management, behavioral finance, psychology of investing. Prerequisites: FIN:3000.

FIN:4410 Corporate and Financial Risk Management 3 s.h.
Analysis and treatment of pure and financial risks faced by business organizations; development and implementation of the risk management process, application of varied risk management techniques to identified exposures; how businesses manage risk and how insurance is used to manage the cost of risk; case studies. Prerequisites: FIN:3400. Corequisites: FIN:3100.

FIN:4420 Property and Liability Insurance 3 s.h.
Fundamentals of commercial property and liability insurance; commercial property and liability contracts, functions of property and liability insurers; regulation and financial analysis of property and liability insurers; marketing, underwriting, rate making, claim settlements. Prerequisites: FIN:3400.

FIN:4430 Life and Health Insurance 3 s.h.
Types of life insurance and annuity contracts and their uses; regulation of life and health insurers; development of financial plans using life insurance products; Social Security, group, and individual health insurance products, including major medical, disability income, long-term care policies; marketplace analysis; contractual provisions, determination of human life values, mathematics of life contingencies and pricing. Prerequisites: FIN:3400.

FIN:4440 Employee Benefit Plans 3 s.h.
Management of employee benefit plans (e.g., group life and health insurance, retirement programs); design, administration, and financing of employee benefits; federal administration of employee benefit plans; funding requirements, financial alternatives; funding and vesting of retirement annuities; design and management of health care plans, including "cafeteria" approach and nonqualified deferred compensation arrangements; economic effects and financing employee benefits and retirement plans in private and public sectors. Prerequisites: FIN:3400.

FIN:4450 Risk Modeling 3 s.h.
Theory used to solve real-life problems taken from a diverse set of risk management applications; varied areas where risk analysis has become important (i.e., finance, insurance, corporate risk management, personal financial planning); principles of probability theory, mathematical finance, and actuarial science developed for use in quantitative analysis of important risk management problems; spreadsheet-based course. Prerequisites: FIN:3000.

FIN:4900 Academic Internship 1-3 s.h.
Professional internship experience with associated academic content.

FIN:4999 Honors Thesis in Finance 3 s.h.
Independent student project directed by faculty or staff advisor; culminates in thesis that conforms to University Honors Program guidelines; may include empirical research, library research, applied projects. Prerequisites: BUS:3999 or ECON:3999. Requirements: admission to the Tippie College of Business honors program.

Graduate

FIN:7110 Finance Theory I 3 s.h.
Consumption-based models of asset pricing; arbitrage, contingent claims; market efficiency and information economics, behavioral models; emphasis on theory. Requirements: Ph.D. enrollment.

FIN:7120 Seminar in Corporate Finance 3 s.h.
Valuation (DCF and CAPM); valuation under certainty, uncertainty; financial structure, cost of capital; dividend policy; firm investment in perfect, imperfect capital markets. Requirements: Ph.D. enrollment.

FIN:7130 Finance Theory II 3 s.h.
Continuous time theories of financial markets, including connection between an arbitrage-free pricing system and martingales; pricing of contingent claims, general equilibrium and term structure theory. Requirements: Ph.D. enrollment.

FIN:7140 Advanced Empirical Finance 3 s.h.
Market efficiency and term structure theory tests; tests of asset pricing models, dividend policy and financial structure issues. Requirements: Ph.D. enrollment.

FIN:7850 Seminar in Finance 1 s.h.
Requirements: Ph.D. enrollment.

FIN:7950 Directed Reading in Finance-Ph.D. 1 arr.
Requirements: Ph.D. enrollment.

FIN:7975 Thesis in Business 1 arr.

FIN:9000 Directed Readings in Finance-M.B.A. 1 arr.

FIN:9010 Contemporary Topics in Finance 1 arr.

FIN:9150 Financial Modeling and Firm Valuation 3 s.h.
How to model firm value from a discounted cash flow perspective; identify a company’s key value drivers, create spreadsheet valuation models; projected financial valuation integrates projected pro forma accounting statements; forecasting, free cash flow estimation, industry competitive analysis. Prerequisites: MBA:8180.

FIN:9200 Portfolio Management 3 s.h.
Introduction to fundamental elements of modern portfolio theory, application to investment analysis; investment environment, instruments, types of investors; concepts of risk and return, broad perspective on historical risk and return of various asset classes; asset allocation decision, risk and return dynamics of a multiple securities portfolio; varied asset pricing models, how capital markets work for investors and users of capital. Prerequisites: MBA:8180.

FIN:9210 Derivatives 2-3 s.h.
Examination of the wide range of derivative securities that cover the financial landscape; the market place, trading, and investors; different derivative securities in existence, their relationship with the underlying securities, and pricing; applications of derivative securities to risk management and speculation; application of principles to fixed income, international finance, real estate, and securitization. Prerequisites: MBA:8180.

FIN:9220 Fixed Income Securities 3 s.h.
Conceptual framework and tools to undertake the valuation of fixed income securities and the management of fixed income portfolios; varied fixed income instruments and the markets in which they trade; introduction to basic building blocks of fixed income analysis, including concepts of duration, convexity, and term structure of interest rates; application of concepts in bond portfolio immunization strategies; use of interest rate derivatives in portfolio hedging applications. Prerequisites: MBA:8180.

FIN:9230 Real Estate Finance and Investments 2-3 s.h.
In-depth understanding of concepts and techniques of real estate financial analysis, equity investment decision making; real estate investing from analysis of developments through the securitization of mortgages; mortgage markets and pricing, real estate finance and investments, mortgage-backed securities, development process, real estate valuation, tax effects, securitized real estate, real estate cycles, application of derivative instruments, strategic asset allocation. Prerequisites: MBA:8180.

FIN:9240 International Finance 3 s.h.
Introduction to structure and functioning of global financial markets; currency market, international equity markets; use of derivatives in currency risk management for corporate and investment needs; corporate investment decisions in an international context. Prerequisites: MBA:8180.

FIN:9250 Applied Securities Analysis - Henry Fund I 3 s.h.
Manage Henry Fund portfolio, learn legal environment in which the fund operates, analyze potential investments, implement controls to monitor the fund's performance; decisions and investment recommendations made by students; each student analyzes an economic sector and geographic region (i.e., utilities analyst and specialist in South East Asia); while the fund cannot currently invest directly in foreign listed stocks, it holds U.S. listed stocks with significant overseas interests and students are able to invest in a number of ADRs. Prerequisites: MBA:8180.

FIN:9260 Applied Securities Analysis - Henry Fund II 3 s.h.
Continuation of FIN:9250. Prerequisites: FIN:9250 and MBA:8180.

FIN:9270 Security Analysis 3 s.h.
Valuation of financial securities (primarily equities) using discounted cash flow model; industry, regulatory analysis; financial statement analysis; active portfolio management; value-based management techniques; valuation of firms outside the United States. Prerequisites: MBA:8180.

FIN:9280 Structured Finance-Securitization 3 s.h.
Design of debt, equity, and hybrid financing techniques to resolve issuer and investor problems that conventional methods cannot address; why and when corporations and financial institutions issue structured securities; how securities are designed and priced; how securities meet investors’ needs; securitized assets, mortgages, asset-backed securities, collateralized debt obligations, credit risk, valuation, cost of capital; legal, tax, and regulatory issues; design and implementation of structured-financed products. Prerequisites: MBA:8180.

FIN:9290 Alternative Investments and Portfolio Strategies 3 s.h.
Continuation of FIN:9200; alternative investments, including hedge funds, private equity funds, and venture capital vehicles; purpose of alternative investments, including the risk/return profile of alternatives and correlations with traditional asset classes; specific hedge fund styles, strategies, risk profiles; portfolio strategy topics, including diversification benefits, management of downside risk, international diversification, behavioral finance, performance measures, and performance attribution analysis. Prerequisites: FIN:9200 and MBA:8180.

FIN:9300 Corporate Investment and Financing Decisions 3 s.h.
Underpinnings and optimization of corporations’ investment and financing decisions; firm-wide and project-specific cost of capital, optimal capital structure decisions; in-depth capital budgeting methods, including real options techniques; corporate investment module of the class includes simulation analysis using Crystal Ball; cost of capital, valuation techniques, advanced capital budgeting, capital structure and dividend policy, option pricing models applied to corporate finance. Prerequisites: MBA:8180.
FIN:9310 Corporate Financial Strategy 2-3 s.h.
Major strategic decisions within the corporate form; risk management, including why firms engage in it, their methods for doing so, and exercises in the simulation of uncertainty; dividends and repurchases under the payout policy decision; corporate governance topics, including executive compensation, board structure, and institutional monitoring; merger and acquisitions analysis, including regulation, valuation, anti-takeover devices, payment method, and LBOs; divestitures and other restructuring topics, including corporate diversification, spin-offs, carve-outs, private workouts, and Chapter 11. Prerequisites: MBA:8180.

FIN:9350 Wealth Management 3 s.h.
Rapid growth of the field of wealth management over several decades, driven by general increase in personal wealth and increased responsibility for individuals to manage their own wealth; knowledge and tools to enter the financial services industry; financial planning industry, client characteristics, tax shield structures, insurance, asset allocation plans, estate planning, behavioral finance. Prerequisites: MBA:8180.

FIN:9390 Putting Finance into Practice 3 s.h.
Hands-on practical experience in corporate finance or investments; work in teams on a corporate finance project or an investment project for a corporate or institutional client; partner companies identify financial issues, challenges, and opportunities for students to help solve; students work with the companies and a faculty member to provide an analysis of the situation and proposals of actions to be taken. Prerequisites: MBA:8180.