MONTEREY INSTITUTE OF INTERNATIONAL STUDIES
Fisher Graduate School of International Business

IM 536 B – **FINANCIAL MANAGEMENT –** SPRING 2009

PREREQUISITE : IM 531 (Financial Accounting) or Equivalent.

INSTRUCTOR : Ako Doffou, Ph.D., CFA

OFFICE HOURS : Mondays **4:00 – 6:00 PM** & Wednesdays **2:00 – 4:00 PM**. Office: **MG 300C**
Tel (831) 647-4165; Fax (831) 647–6506; E-mail: ako.doffou@miis.edu

CLASS : Mondays **6:00 – 8:50 PM**, Monterey Campus, Room **MG 102**

SCOPE & OBJECTIVE:

This course will first cover the foundations of financial management. Then, the course will emphasize the following aspects of financial management: (1) investment and financial decisions are made under uncertainty; (2) the design and the implementation of a firm's investment and financial policies must take into account the implications of the existence of financial markets and the role of investors' (shareholders & bondholders) expectations. Hence, the objective of the course is to introduce the students to the basic assumptions and the functioning of models which can help managers make optimal decisions in a world of uncertainty.

TEXTBOOK : *Financial Management: Theory & Practice*, 12th Edition, 2008, by Eugene F. Brigham and Michael C. Ehrhardt, Thomson South-Western.
A financial calculator is required in this course. The **HP 12C** is recommended.

GRADING :

Class Participation	10%
Group Research Project # 1	15%
Group Research Project # 2	15%
Midterm Exam	30%
Final Exam	30%

POLICY : Students are expected to attend all scheduled classes and to read all assigned chapters before classes. *All students are expected to exercise self-discipline and a respect for the rights of other at all times.* Students should refer to specific regulations governing students academic conduct. Assignments that are turned in late will be penalized. **There are no make-up exams.** Absent written medical reasons, exams must be taken when scheduled. If you are unable to take an exam during the scheduled period, you should see me before the exam.

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Date	Topic	Reading Assignment
	1. Foundations of Financial Management	
Weeks: 1,2 &3	a. Introduction: The Financial Environment. b. Time Value of Money. c. Annuities and Perpetuities d. Interest Rates e. Financial Statements, Cash Flows and Taxes. f. Risk and Return Tradeoff. g. Initiation to Portfolio Theory - Asset Pricing Models.	***Ch. 1,2,3,4.*** ***Handouts***
	2. Investment Decisions under Uncertainty	
Weeks: 4,5&6	a. Capital Budgeting Under Uncertainty. b. Cash Flow Estimation. c. Risk Analysis. d. *Using the NPV Method under Uncertainty*: the Risk-Adjusted Discount Rate Approach, the Mean-Variance Rule and Portfolio Effects. e. *Using the NPV under Uncertainty*: the Certainty Equivalent Approach, Simulation, Interdependence Cash Flows, etc. f. Basic Ideas about Real Options.	***Ch.10,11,12,13.*** ***Handouts***
	3. Valuation and the Cost of Capital	
Weeks: 7 & 8	a. *Traditional Models of Valuation*: the Discounted Cash Flow (DCF) Model under Alternative Growth Hypotheses and Implications for the Estimation of the Firm's Cost of Equity Capital. b. *A Modern Approach to Valuation*: the Capital Asset Pricing Model (CAPM) and its Implications as an Alternative Method to Estimate the Firm's Cost of Equity Capital. c. *The Firm's Weighted Average (or Global) Cost of Capital:* Definition and Implications for Investment Decisions.	***Ch. 5,6,7,8,9.*** ***Handouts***
Weeks: 9 &10	a. *Review of Midterm Exam. Group Research Project # 1 is Due.* b. ***Midterm Exam.***	
	4. Financing Decisions	
Weeks: 11, 12, & 13.	a. Debt Policy and Optimal Capital Structure. c. Long-Term Financing Choices. d. Lease Financing. e. Dividend Policy and Internal Financing.	***Ch. 16,17,18, 20, 21.*** ***Handouts***
Weeks: 14 & 15	a. *Review of Final Exam. Group Research Project # 2 is Due.* b. ***Final exam.***	

END OF CLASSES

AKO DOFFOU

EDUCATION: **Ph.D.,** *Finance*, The University of Georgia, Athens, Georgia, USA.
MBA, *Finance*, INSEAD, Fontainebleau, France.
MS, *Power Systems Engineering*, SUPELEC, Paris, France.
BS, *Electrical Engineering*, ESIGELEC, Rouen, France.

CERTIFICATION: CFA (Charter # 43322), **CLU & ChFC** Charters; **CFP & CFS** Certifications.

RECENT PUBLICATIONS:

1. "Information inherent in Implicit Distributions," *Research In Finance*, Volume 18, Summer 2001.
2. "Testing a Jump-Diffusion Stochastic Interest Rates Model in Currency Options Markets," *Advances in Futures and Options Research*, Volume 11, 2001.
3. "Pricing Currency Options Under Stochastic Interest Rates and Jump-Diffusion Processes," *Journal of Financial Research*, Volume 24, Winter 2001.
4. "Testing a Three-State Model in Currency Derivative Markets," *Journal of Risk*, Volume 4, No. 3, Spring 2002.
5. "Insider Trading: a Review of Theory and Empirical Work," *Journal of Accounting and Finance Research*, Volume 11, No. 1, Spring 2003.
6. "Testing for Bubbles in the Internet Stock Market," *Journal of Business and Economic Perspectives*, Volume XXIX, No. 1, Spring/Summer 2003.
7. "A Robust Test for Bubbles in Emerging Stock Markets," *Journal of Financial and Economic Practice*, Volume 3, No. 1, Fall 2004.
8. "New Perspectives in Asset-Liability Management for Insurers," *Journal of Business and Behavioral Sciences*, Volume 12, No. 2, Spring 2005.
9. "Stochastic Interest Rates and Short Maturity Currency Options," *Financial Decisions*, Volume 18, No. 2, Winter 2006
10. "Empirical Tests for Bubbles in the Asian Emerging Stock Markets," *Business Review, Cambridge*, Vol. 7, No 1, Summer 2007.
11. "Periodically Collapsing Bubbles in the Asian Emerging Stock Markets," *International Finance Review*, Vol. 8, December 2007.
12. "American Put Index Options Early Exercise Premium Estimation," *International Journal of Banking and Finance*, Vol. 6, No 1, December 2008.

RESEARCH INTERESTS: Derivatives, Asset Pricing, and Risk Management.

HONORS & AWARDS:

1. 2007 Asian Finance Association Conference Best Paper Prize Award winner, award sponsored by the University Utara Malyasia.
2. 1999 FMA Best Paper Award winner in the area of Futures/Options on Futures, sponsored by the Chicago Board of Trade Educational Research Foundation.
3. 2000 FMA Best Completed Dissertation Grant winner in Investments, sponsored by the American Association of Individual Investors.
4. Selected for membership in *Beta Gamma Sigma*, University of Georgia (04/99).
5. Listed in the Marquis Who's Who in Finance and Industry 28th Edition 94/95.
6. Honored Lifetime Member of Madison Who's Who Executive Registry.
7. University of Texas Summer 2000 Research Grant.
8. Comer Fellowship Awards, Board of Regents Merit Awards, Ph.D. Research Awards and Graduate Assistantships at the University of Georgia.

WORK EXPERIENCE:

1. Visiting Professor of Finance, *Monterey Institute of International Studies*.
2. Associate Professor of Finance, *Sacred Heart University*.
3. Visiting Associate Professor of Finance, *Claremont Graduate University.*
4. Associate Professor of Finance, *State University of New York.*

5. Assistant Professor of Finance, *University of Texas.*
6. President/Founder, *Doffou & Associates,* a registered investment advisory firm, SEC file # 801 – 42836.
7. Assistant Finance Director, *The Electric Energy of the Ivory Coast,* Cote d'Ivoire.
8. Financial Analyst, *Banque Nationale de Paris,* Paris, France.
9. Electrical Engineer, *CGEE Alsthom* and *Merlin Gerin,* Paris & Grenoble, France.

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