

FIN 651: Advanced Corporate Finance

The course considers advanced aspects of financial management, the funding of companies and capital budgeting believed to be of academic interest and practical importance. The aims are to introduce students to current thinking and empirical research on the chosen topics and to develop enhanced skills of understanding and analysis. Advanced Corporate Finance adds to students' knowledge mainly by introducing them to empirical research on the topics studied. It also expands the range of topics by including corporate governance, techniques of risk management, and the real options approach to project valuation.

Course Contents

-) Calculate the values of debt and equity as well as determine default policies, credit spreads, default probabilities and the optimal capital structure;
-) Understand the effects of risky debt financing (underinvestment and asset substitution) and financing constraints on investment and determine optimal capital investment policies;
-) Determine equilibrium real option exercise strategies in the presence of product market competition and principal-agent problem;
-) Calculate the optimal timing of takeovers and IPOs as well as predict signs and magnitudes of announcement effects;
-) Determine the effects of growth options, financial and operational leverage and product market interactions on equity betas (returns).

Text book

Advanced Corporate Finance by Joseph Ogden, Frank C. Jen, Philip F. O'Connor