FORDHAM UNIVERSITY
FNBU 4454 FINANCIAL MODELING

Spring 2023

Course:	FNBU 4454 FINANCIAL MODELLING
	Wednesdays 6:30pm –9:15 pm
Start Week:	01/18/2023
End Week:	05/3/2023
Room:	**KE-317**
Instructor:	Chris Droussiotis
Office hours:	In-Person: Wednesdays 5:00-6:30pm, Hughes Hall 5th floor
	Remote via Zoom: Tue-Thu link: https://calendly.com/professordrou/30min
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website:	www.ProfessorDrou.com

Course Outline:

This course is designed in 3 parts:
1. Investments & Portfolio Analysis
2. Financial Analysis (Historical, Projections and Valuation Analysis)
3. Credit Analysis (Transaction, Debt Capacity and CLO financing)

Required Textbook:
"The Analytical Approach to Investments, Finance and Credit" Chris Droussiotis, First Edition, ISBN 13-978-1516549122.

Textbook to be used – ready to order and access all the Financial Models required for the class (LBO, Investment Portfolios). All the lectures, financial modeling spreadsheets, projects, and homework (via the digital platform called Active Learning) will be based on this textbook. To purchase the textbook and setup your Active Learning platform go to:

 https://store.cognella.com/96412

Purchasing directly from the publisher is also a safe and effective way for you to receive everything you need for the term including access to Active Learning - the financial modeling homework and project platform. You should be getting an email from the publisher after your purchase the textbook so you can setup your Active Learning for homework and Financial Modelling modules. All eBook options are immediately available upon purchase so you can begin reading and studying right away. If you need any help with ordering from Cognella, feel free to email orders@cognella.com or call 858-552-1120

Materials to be provided by the instructor:
Various additional handouts, articles of interest, case studies, lecture notes and electronic templates and spreadsheets can be found at the instructor's web page at <u>www.ProfessorDrou.com</u>.

Course Outcomes:

After completing this course, the student should be able to:
- To build the following excel based interactive models:
  - Stock, Bond, and Money Market combined Portfolio
  - Corporate Finance based financial model with historical performance and building projections.
  - 8-method Valuation Analysis
  - Credit and Debt Capacity Analysis
  - Collateralized Loan Obligation Fund
- Learn most of the techniques to value privately and publicly traded
- Reinforce lot of the fundamentals discussed above towards understanding today's economic environment in which credit decisions are made.
- Understand Capital Markets including Debt and Equity issuances.

Course Objectives:
- Understand Portfolio management concepts and apply them in excel to measure efficiencies, optimization, Sharpe Ratio, Alpha, and Beta Coefficient.
- Understand and explain the financial statements (10K and 10Q) and how to set-up performance parameters to run projections.
- Effectively utilize basic operating assumptions and drivers to run financial models.
- Understand and apply the 8-methods of corporate valuation.
- Provide systematic approach to assess the strength of a specific borrower.
- Understand credit risk inherent in a wide range of corporate debt instruments.
- Able to rank the default risk of each borrower.
- Reinforce a lot of the fundamentals discussed above towards understanding today's economic environment in which credit decisions are made.
- Understand how companies access the Capital Markets such as equity offerings (IPO), bond issuance and loan syndications.

Course Overview:

The Course is divided into three parts consisting of investments, finance, and credit. Each part, which will be taught in two sessions, is a self-contained unit that will normally comprise one segment on investments and the other on company specific including financial and credit analysis.

Throughout the course, we will be using the theoretical concepts and apply them to a specific company that will be assigned to each student at the first class. We will analyze each of the respective companies' financial statements and financial decisions that were made at the time. We will examine each company's value creation throughout the semester.

In the last 3 to 4 classes before the exam week, students will be assigned specific companies to perform LBO and credit analysis.

Grading:

Midterm Exam	25%
Final Exam	25%
Homework	15%
Class Attendance/Participation	5%
Portfolio Management Model Project	15%
Leveraged Buyout Financial Model Project	<u>15%</u>
Total	100%

Attendance:
Students are expected to attend and to participate in classroom discussions. It is important to attend every class because the exams are based on the instructor's lectures and classroom notes. Class participation will count as part of the course grade.

Homework:
Homework will be done directly on the Active Learning platform provided by the textbook publisher.

Projects:
There will be two excel projects. The first project will be on portfolio management. Each student will build a portfolio of stocks, build a cash flow showing trades and performance metrics. The second project is on company specific and involves transaction analysis. Every student will be assigned a public company with instructions with financing and how to take the company private. The student will build a full functional financial model. Each projects count for 10% of the overall grade. Incomplete work will be given 0% grading.

Examinations:
There will be two Exam given including an on-line midterm exam and in-class final exam. Both exams will be open books and require the use of excel software.

Grading Scale:

A	93 - 100	C+	77 - 79
A-	90 - 92	C	73 - 76
B+	87 - 89	C-	70 - 72
B	83 - 86	D	60 – 69
B-	80 - 82	F	Below 60

Course Outline:
Please go to www.professordrou.com under "Fordham Financial Modelling" to see the updated calender with all the updated lectures, spreadsheets, reading assignments, project and homework assignment due dates as well as accessing the professor's office hour calendar and uploading your project on the professor's dropbox (https://www.dropbox.com/request/H6VccKJyzvpXW6HGirum)

ACADEMIC INTEGRITY POLICY

Students enrolled at Fordham University are expected to maintain the highest standards of academic honesty. Students have the responsibility to each other to make known the existence of academic dishone9sty to their course instructor, and then, if necessary, the department chairperson/school director or the academic dean of their college. Course instructors have the added responsibility to state in advance in their syllabi any special policies and procedures concerning examinations and other academic exercises specific to their courses. Students should request this information if not distributed by the instructor. Academic dishonesty includes, but is not necessarily limited to, the following:

- **Cheating** – Giving or receiving unauthorized assistance in any academic exercise or examination. Using or attempting to use any unauthorized materials, information or study aids in an examination or academic exercise.
- **Plagiarism** – Representing the ideas or language of others as one's own
- **Falsification** – Falsifying or inventing any information, data or citation in an academic exercise.
- **Multiple Submissions** – Submitting substantial portions of any academic exercise more than once for credit without the prior authorization and approval of the current instructor.
- **Complicity** – Facilitating any of the above actions or performing work that another student then presents as his or her assignment.
- **Interference** – Interfering with the ability of a student to perform his or her assignments

Sanctions: Any student found guilty of academic dishonesty will, for the first offense, receive one or a combination of the following penalties:

1. No credit (0) or F (failure) for the academic exercise.
2. Reduced grade for the course.
3. An F (failure) in the course that is identified on the student's permanent record card as permanent and cannot be removed.
4. Recommendation for academic probation to the dean's office. In cases of interference and complicity, when the student is not registered in the affected course, the incident may be recorded on the student's permanent record. In any case, the incident and penalty will be recorded in the student's file maintained in the campus Office of Enrollment Services.

For a second offense of academic dishonesty, a student will be subject to any combination of the above sanctions and, with concurrence of the academic dean, one of the following:

1. Suspension from the University for one year. Readmission will be contingent upon the approval of the academic dean.
2. Dismissal from the University.