

April 14, 2025 UPDATED

<https://www.ivo-welch.info/teaching/emba/> (for latest updates)

## Tentative Syllabus

MGMTEX 408-2: Financial Policy for Managers - EMBA Spring 2025 Schedule Monthly Section

This course is not trying to turn you into a financial analyst. It is only trying to help you understand the most elementary finance — the kind that you will need when you are interacting with a capital budgeting process, a strategy committee, a corporate board, an (investment) bank, or a merger&acquisition situation.

The monthly session version is a very difficult format. It requires great self-discipline and commitment.

### Instructor

Ivo Welch, J. Fred Weston Professor, Office C.524.

Office Hours:

- Presence Weeks: Friday dinner and typically Saturday lunch.
- Online Weeks: [Fri 14:30-15:30, plus overflow](#). (ID: 968 5274 5502. Passcode: 632724.)

In lieu of office hours during presence weeks, I will attend Friday dinners and Saturday lunch (if not possible, then dinner). Please take the opportunity to sit with me and ask me anything you wish. I much prefer these kinds of personal interactions to online contact. You can ask me any questions that you would ask me during office hours otherwise, and then some.<sup>1</sup>

### Methods

Common sense. Our class works bottom up: from simple (often numerical) examples to complex real-world applications. You have to retain a healthy skepticism. You should not believe that the world is just like the model, and if you don't understand your own model, then you won't know where you can use it and where not. (This is why the "recipe" approach for dummies doesn't work well for us.). Reality is not what finance pros wish reality were. (Others may pretend that they have better explanations, but they don't — I've seen 'em all.) Theory is easy, practice is hard. Yet without

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<sup>1</sup>I hate online audio, probably due to an auditory dysfunction. This also extends to zoom. (I am a "boomer," not a "zoomer.") I consider zoom to be a necessary evil.

having and understanding your own conceptual model, you have no chance of understanding reality *at all*.

There is a lot of arithmetic in finance, but no higher math; and the arithmetic is not the hard part, anyway. The hard part is the “way of thinking” and figuring out which tools to apply where and how. Finance is both an art and a science.

### **Dilemma**

The closest analogy I can think of is that I am tasked with teaching you Chinese in 10 weeks. I want to make it possible for you to understand the very basics, and even this is tough. I can’t “whittle it down to the five essentials and ten formulas,” although I am already teaching you a very whittled down version of finance.

Nothing in this course is not essential in almost every business context of which finance is a component. The material has been trimmed to the bone to cram a lot of information into you within the 10 weeks that we have. To do so, we have to cut out a lot of context. If there is ever any doubt about the direct applicability of anything taught here (i.e., the context), please ask.

HBS can teach finance via cases with context, because they have *two* semesters worth of finance core. We only have one. We have to cover in 10 weeks what they cover in 20 weeks. And HBS has a far more competitive environment, with an expectation of at least twice as many hours per week in prep time for students compared to our’s. Fortunately, cases are also very inefficient for finance-insights-per-hour-of-work, so because we economize, we can cover most of it. However, doing this economy-class mean and lean has to drop the broader context and perspective. Again, if there is any doubt of the wide relevance of anything taught in this course, please email the TA or email me. We don’t teach niche material.

### **Prerequisites**

I try to keep the course self-contained, and thus will assume only minimal background. I will briefly cover the following topics again, but the material is easier for students already familiar with the following subjects:

- Basic Economics: risk aversion.
- Basic Statistics: means, variances, correlations, T-statistics, (OLS) regressions.
- Basic Accounting (simul-taught): net income, cash flows, accruals.

I also expect a self-directed ability and willingness to pick up further readings, e.g., in accounting or statistics, when needed.

### **Learning Advice**

The best study plan is this:

1. read the chapter in the textbook very cursorily, not in detail. Get an understanding where the subject material is all going. Don't do problems yet. Don't try to understand nuances.
2. download the slides (on this website), and watch the video for the chapter based on the slides.
3. now read the chapter in the textbook with care. now do all the in-chapter questions.
4. practice your knowledge on syllabus.space.
5. if you have the time, you can do the EOC homeworks and get feedback by emailing them to the TA. this is entirely optional. the questions with solutions cover what you need to know.

Please keep track of what problems you could not understand and solve and communicate with the TA, me, and Caitlin. I will cover the most confusing problems in our in-person classes.

Please come to class prepared. Use the resources we provide to help you if you are struggling. Finance is tough. Worse, you have chosen a course format that is *really* tough – it requires enormous self-discipline. I doubt that anyone can take and survive electives this quarter while holding a full-time job. (I now understand that you had 3 required courses, but this is over now.)

If you have trouble despite spending the time (say, more than 12 hours per week even if your relevant background is weak), please talk to us. We are here to help. I will try to arrange personal tutor time for you.

## Course Sites

The main course website is at <https://ivo-welch.info/teaching/emba/>. There is a direct link from the otherwise ignored Bruinlearn (course id = 208527) to my own website. (Bruinlearn doesn't have all the facilities I need.) There is a self-test website at <https://syllabus.space>, which provides *e-quizzes* that can be used for practice of the material. The numbers in quizzes are changing on refresh, so the quizzes can be taken many times.

- <https://ivo-welch.info/teaching/emba/>
- <https://finemba404-2025-welch-ucla.syllabus.space> (“emba”)

Please check my course website at least once every 48 hours. If there is something important, it will be highlighted at the top of my class site on <https://ivo-welch.info/teaching/emba/>. You are not assumed to be responsible for having read postings from 3 hours ago, but you are expected to be aware of postings from 49 hours ago.

**IMPORTANT:** My website requires no authentication. You can [bookmark](#) it and just look at the front page for updates once a day. This is much simpler than bruinlearn. Email alerts could easily land in your spam folder.

## Teaching Assistant

Tomas Balbontin Cura (email: [tomas.balbontin.cura.2026@anderson.ucla.edu](mailto:tomas.balbontin.cura.2026@anderson.ucla.edu)).

Office Hours:

- Presence Weeks: Friday 17:30-19:30. Saturday 17:00-19:00. Location TBA.
- Online Weeks: [Wed 17:00-18:00, plus overflow](#). (ID: 844 476 8382. Passcode: 579931.)

The class representative (Caitlin) will collect questions that gave you difficulties for which you want to see solutions. Tomas will hold a zoom session where he will solve the problems with you.

## **Emails**

Both the TA and the instructor are available by emails. However, please do not expect instant responses, but allow for 24-48 hours. Email can be unreliable (spam filters), so if you do not hear back within 48 hours, please try again.

Always start emails with “EMBA 408:” in the header. We will try to whitelist this phrase in our spam filters.

Emails are most effective when they are concise. (For multiple, unrelated questions, please send multiple emails, each concise.) Be clear at the end of each email what your “ask” is, so the response is more likely to give you the information you need. We will also try to be concise in our responses. If your question and the answer are not to be shared, please make clear it’s confidential. Otherwise, we may share the Q&A with the entire class.

**Email Sequencing:** Please ask the TA first for help if you have trouble understanding material. The TA will try his/her best to help. It is always good for you to get the perspective of someone else, because the instructor has already tried his best attempt at explaining, so another perspective and way of explaining could be a lot more useful.

After the TA has tried but could not answer your question(s), either, please email me and cc the TA. (We need to cc the TA so that he is informed, too.)

I am going to try to provide tutors for struggling students from my own budget. It is my desire to help everyone who wants to put in the effort and time. Alas, I can’t help you if you don’t have the time.

Week	Date	Topic
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## Class Schedule

UCLA Anderson instruction begins March 31, ends June 6.

Week	Date	Topic
1	03/27-04/05	Ch 02-03: NPV, Terminal Values, Loans
2	04/07-04/09	Ch 04-05: Capital Budgeting, Treasuries, Term Structures
*	<b>04/11</b>	Introduction, Q&A, Mini-Exam, Project Start
3	04/14-04/19	Review, Catchup, Realignment
4	04/21-04/26	Ch 06: Risk (long)
5	04/28-05/03	Ch 07: Asset Classes (short); Ch 08: Portfolios
6	05/05-05/10	Ch 10: CAPM, Market
*	<b>05/09</b>	Ch 10 Problems, Homeworks. Midterm.
7	05/12-05/17	Ch 11-12: Imperfect Markets, Efficient Markets
8	05/19-05/24	Ch 13: NPV Pitfalls, Strategy
9	05/26-05/30	Ch 14: Financial Statements
*	<b>05/30</b>	Only Q&A
10	06/02-06/07	Ch 15: Comparables, Financial Ratios

## Detailed Instructions

Watch out for your time schedule, as it has only become easier to fall behind, now that we no longer have mandatory homeworks as a skeleton. You can also work ahead if you happen to have a little downtime.

- Chapter 6 is essential. You have to be able to work very comfortable with probabilities, means, and standard deviations (risk). Make sure to work and understand all the in-chapter problems.
- Chapter 7 is short and more entertaining.

- Chapter 8 is harder. It contains the basics of portfolio choice, diversification, and market-beta.
- Chapter 9 is almost skipped. Well, I ask that you either watch the videos and/or read the chapter. This cuts the time down to 3-4 hours. You will not be tested on this subject and you can skip the problems.
- Chapter 10 contains the dominant model for cost of capital, the CAPM (Capital Asset Pricing Model). It is in use nearly everywhere. You have to understand this, as you will encounter it many times. It is one of the skills you are supposed to learn as an MBA student, even though I consider it problematic. (I will explain.)
- Chapter 11. You need to watch the videos (slides) and read the chapter. You must understand the concepts. You can completely skip 11.4-11.7, but I would at least skim over them if I were you. My advice is to do as many in-chapter problems or quizzes from 11.1-11.3 as you feel comfortable with.
- Chapter 12. You need to watch the videos (slides) and read the chapter. You must understand the concepts. You must read the in-chapter questions and solutions. My advice is to do as many in-chapter problems or quizzes as you feel comfortable with.
- Chapter 13. You need to watch the videos (slides) and read the chapter. You must understand the concepts. You must read the in-chapter questions and solutions. My advice is to do as many in-chapter problems or quizzes as you feel comfortable with.
- Chapter 14: You need to watch the videos (slides) and read the chapter. You must understand the concepts. You must read the in-chapter questions and solutions. My advice is to do as many in-chapter problems or quizzes as you feel comfortable with.
- May 30 is dedicated entirely to going back over Chs 11-14 and solving more problems about them. This will be way easier and more useful if you have carefully read the chapters, problems, and solutions. If we have time on 5/30, I will sketch for you what the chapters I skipped are all about.
- Chapter 15 is a lot about P/E ratios and peer (comparables) analysis. My advice is to do as many in-chapter problems or quizzes as you feel comfortable with.
- The revised schedule is now skipping almost all capital structure choices, i.e., when are you better off financing with debt and when are you better off financing with equity? (The pro-forma chapter 21 was always quasi-optional. It puts together a lot of the knowledge from the previous chapter. You have also seen the “Heritage Dolls” pro-forma analysis, as well as abbreviated ones in various chapters earlier.)

- I have recorded the chapters we are omitting. This makes our current required core course into only about 2/3 of a standard MBA finance course. Fortunately, if you have the time and want to get the full 100% experience, just go through all the chapters. We will support you also if you want to hand in homeworks or have longer conversations with us about them. However, the skipped chapters are *not* part of any exams or homeworks. They are purely there to help you.

If there is demand, I will offer an extra hour or two after the May 31 dinner to answer questions about material we omitted. It is not mandatory and will not go on the final. It is purely for students that have become more interested in finance and gives the opportunity to ask beyond-course questions.

### In-Person Classes

Date	Time
Apr 11-12	Fri 16:00-17:30, Sat 13:30-17:00
May 9-10	Fri 16:00-17:30, Sat 13:30-17:00
May 30-31	Fri 16:00-17:30, Sat 13:30-17:00

- Room: A301.
- Please put up name cards without reminder. Please do not cruise the web, email, or messages during class. I know it's very tempting.
- For the May sessions, please keep a list of questions about the videos and ask me during class. This is what Q&As are primarily for. (I may have a few extra slides where I ask *you* questions if you don't have enough questions for me.)
- Tentative Final: June 13-15, but possibly (by vote) May 31, 15:30-17:00 *if* overwhelmingly voted so.



## Readings and Pace

The textbook is free online on <https://corpfin.ivo-welch.info/>. This is convenient if you prefer reading on an iPad. It also makes it easier to carry along the text while traveling. You are also welcome to consult other books, like Berk&DeMarzo. It is quite good, too — some students prefer chocolate, others vanilla.

You can mark up unprotected pdf files with many programs, such as Goodnotes, Collanotes, Apple Preview, Notability and others. You can also keep your notes, copy it to other computers, share it with your friends and study colleagues, etc. They are your's. (This is not possible with proprietary platforms.)

This course, with its monthly-only schedule, requires enormous self-discipline. It does not hurt to read ahead. It hurts to fall behind.

## Practice Questions

My in-class exams are largely like my practice questions. In turn, these are pretty much the same inside chapters, at the end of chapters, and in the syllabus.space system. The first in-class mini exam hopefully provided you with a good sketch (and me with a good understanding of adjustment). Frankly, it was the best decision I made, both for you and for me.

For questions with answers and feedback, you can work the in-chapter questions and syllabus.space.

Due to student demand, there are no longer mandatory homeworks. The EOC questions exist only to help give you milestones without immediate solutions, and to help you prepare for midterm and final. Their content is identical to the in-chapter questions and the syllabus.space questions, so you don't need them. However, if you are not comfortable with answering questions along the lines of in-chapter, end-of-chapter, and syllabus.space questions, you will not do well on the exams.

If you do want to do the EOC questions (which have no answers) and receive feedback where you did right and where you did wrong (equivalent to a test), you can hand them in. You can hand in any subset of the questions. We provide *markup* services, telling you what's wrong and what's right. Please submit such EOC questions for review by email to the special-purpose email [tbalbontin@g.ucla.edu](mailto:tbalbontin@g.ucla.edu), with a subject that contains the chapter number(s), e.g., "Subject: EMBA 408: Ch 05-06". (You can send a photograph. Please be clear in your handwriting.)

You are of course permitted to work together with other students on the homeworks (and even use AI), but please don't cheat yourself by skipping or not understanding questions and answers. You will perform worse than your peers on the exam if you do.

The [syllabus.space](http://syllabus.space) website is designed for unstructured self-testing. These are “e-quizzes” (not homeworks to be handed in) and they are not graded.

### **Class Project**

The class project has been cancelled due to time limitations.

### **Grading**

Component	Weight
Mini Exam (Ch2-5)	0 - 5
Midterm (Ch2-8 full; Ch10 cursorily)	30 - 40
Final (Ch2-14)	40 - 60
Homework (just hand-ins)	0 - 2
Discretion	0 - 10

Most of the grade will be the midterm and the final. The TA grades the exams, not the instructor. (I couldn't play favorites if I wanted to!) If either the midterm or the final performance was lower, it is deemphasized. Thus, the weighting could tilt more or less towards either. However, the grade is principally exam-based no matter what.

The exams themselves consist of short questions, just like they are in the textbook and in the [syllabus.space](http://syllabus.space) self-test site. They are never intended to be tricky or unexpected. I have posted some old [exams](#) from similar (but not identical) classes. The textbook, the lecture notes, the homeworks, and the quizzes (on [syllabus.space](http://syllabus.space)) all exist primarily to prepare you for the midterm and final. In turn, the midterm and final exist primarily to measure your understanding of this material.

Exams are open book, open notes. I have not yet decided whether they should also be open internet.

**Regrading Policy:** We want to be as accurate and fair as possible, but not systematically hand out more points to nitpickers. Ergo, we only regrade full exams, not individual questions. This means that grades can go up or down. (We also make copies of some exams to prevent tampering.)

## Miscellaneous

### Learning Etiquette

The following is a statement that I usually have to post when teaching younger students. I expect this not to be needed in a class for executives, but I am including it for reference anyway.

- This is not primarily a TED talk. It's not supposed to be fun. It's supposed to educate you.
- Your education is *your* job, not mine. You have to do the learning. I can only help you learn. This is not only my job but also my passion. This is what I *want* to do — it's why I am here.
- I am not a “service” provider. Anderson is not Taco Bell. We are not selling degrees. You are not our client. You are our product. We want to be proud of what we taught you and what you learned.
- Finance is the hardest course at Anderson. Because it combines quantitative analysis with qualitative concepts, mastering the bridge from quant theory to applications is inherently difficult. No one can master even the basics with a lot of dedication. Moreover, you have chosen the most difficult format to take this course in. It requires serious self-discipline to keep on track.
- The university requires this course to require 120 hours of work time. This means at least 10 hours per week. I may be able to push it down for the median student to 8 hours. For students not comfortable with quantitative material, it will still be more like 10 hours per week. Expect it to be roughly as follows:

Weekly Work	Weekly Hours
Videos/Slides	1-2 hours
Reading (60 pages)	3 hours
Homeworks	5 hours

If you find yourself spending more than 15 hours, please email me ASAP. I need to try to find you a tutor to help you.

- The time commitment is not my choice. It is dictated by the absolute minimum amount of finance a student in *every* MBA program must learn. This course is at the lower end of time-commitment and difficulty level compared to its peers at Anderson and other universities. We only cover 2/3 of the basics in our incarnation.

## Humor and Political Correctness

I have a very strange of humor. I can be very politically incorrect, although I have already dialed this back greatly in recent years.

I don't believe in trigger warnings and microaggressions. We are adults, not delicate flowers. Our parents and grandparents experienced real discrimination. We can surely survive bad words and insults (and I have probably experienced a lot worse than anyone in this class *ever* has). In my class, don't be fearful: it's ok to misspeak or to be occasionally offensive. However, it is *never* ok to be mean, malicious, or intentionally discriminating. (This applies both to students and to me.)

I can take it as good as I can dish it out. You are encouraged to poke fun at me, too, as I may at you. Of course, again, it's never ok to be mean. If I go beyond the pale, it's unintentional, so please let me or the TA know. I will never hold this against you. In fact, you will be doing *me* a favor by letting me know, so I can learn and improve.

## Help Each Other

- **Expect glitches.** This is the first time I am teaching *this kind of* hybrid version of an introductory finance course.
- Please help me improve this class. It is the first time I have taught this. The videos are my first attempts.
- Please keep a log of what videos (and potentially where) were not clear and in need of improvement. Please email me this log at the end of the course.
- Any other comments will be appreciated, too. You are learning from me, I am learning from you. In general, anywhere in your career: Not expressing criticism out of politeness is never a kindness, but the opposite. Just try to phrase it nicely, helpfully, and constructively. (Some bosses can't take even this; and if this is the kind of boss you have, then you are likely better off working elsewhere.)
- I hope you realized that I have been listening very carefully to you and am trying to accommodate you as best I can, without greatly short-changing your education and preparation for your future classes and careers.

I will also be trying to change our EMBA program. You are correct that it is unreasonable to expect part-time students to spend 30-35 hours in a week for a part-time program (with ethics, accounting, and finance), as you were asked to do over the last few weeks.