

**Fulbright School of Public Policy and Management**

**MPP19, Academic Year 2017 - 2019**  
**Spring Semester 2018**  
**Financial Analysis Syllabus**  
(4 credits)

**Teaching Team**

Instructor: Tran Thi Que Giang  
Teaching Fellow: Ho Ba Tinh

**Office hours**

	<b>Mon</b>	<b>Tue</b>	<b>Wed</b>	<b>Thu</b>	<b>Fri</b>
T.T.Q.Giang		15:30 – 17:30		15:30 – 17:30	
Ho Ba Tinh		17:00 – 18:30		17:00 – 18:30	

If the scheduled office hours are not convenient, please make specific appointments with the instructors.

**Course Objectives**

The course introduces students with basic concepts and techniques to evaluate financial assets and make policy on corporate finance. It stresses on application of financial theories and models into practice via case studies from public policy perspective and based on Vietnam's context. Other objectives are to equip students with skills and knowledge needed to identify, analyze and propose policy, to make effective decision on corporate development, be it private or state-owned.

Upon completion of the course, students are expected to:

- Understand cash flow discount principle, and be able to calculate time value of money
- Master investment decision principles
- Evaluate firms and financial assets (bond, stock)
- Understand corporate governance and privatization of state-owned enterprises and commercial bank
- Be able to evaluate and discuss reform policy and restructuring of state-owned general corporations and conglomerates from finance and financial governance perspectives
- Apply finance principles and methods in appraising public investments and contribute to the discussion of public investment reform in Vietnam.

**Course Description**

The course starts with fundamental topics of corporate finance and public policy implication, introduction of discounted cash flow and investment decision making. The second part of the course will focus on fundamental finance which is portfolio theory, including risk and returns, risk diversification, capital market equilibrium, and efficient market theory. Understanding and determining cost of capital, supporting of financial assets valuation techniques will also be provided in this part.

In the third part, students will focus on financial assets valuation, including debt instruments (government and corporate bonds), corporate share and evaluation. Based on part 1 and 2, students will practice stock analysis using financial fundamentals approach and firm valuation based on free cashflow.

The last part will discuss restructuring and corporate governance policies. Using knowledge learned from previous parts, students will discuss issues relating valuation, corporate governance, and commercial banks before and after privatization.

### Teaching Methods

Teaching team members use “co-participation” as the main teaching method which requires the students to be actively involved in all formal lectures and case discussion. Lectures will be supported with case studies that require students to apply knowledge and skills learned in classes and readings to analyze the cases for active engagement in class discussion. Students will continue with the self-learning process by applying the knowledge into individual and group works.

### Reading Documents

- Zvi Bodie, Alex Kane and Alan J. Marcus, Essentials of Investments, McGraw-Hill Irwin, 2008.
- Richard Brealey, Franklin Allen and Stewart Myers, Principles of Corporate Finance, McGraw-Hill Irwin, 2014.
- Aswath Damodaran, Valuation for Investment, Wiley Finance, 2001.
- Corporate Governance of State Owned Enterprises, A Toolkit, World Bank Group, 2014

There are also other readings provided to the students in the form of teaching notes, case studies, online readings and newspaper articles. Course will be taught in Vietnamese while some readings might be in English.

### Course Requirements and Expectations

Students are required to have fundamental accounting knowledge prior to the course.

It is expected that the students will read the assigned readings before class, regularly attend classes (except review sessions), actively take part in class discussions and successfully complete all case preparation work, written assignments and exams.

Sometimes the readings may not be easy to read and require some subsequent readings for further understanding. The students may be called upon to comment on the assigned readings or answer the instructors’ questions.

There are 04 problem sets, one mid-term exam, and one final project.

Assignment	Distribution Date	Due Date
Assignment 1: Cash flow discounting	Fri, 02/03/2018	Fri, 16/03/2018
Assignment 2: Risk Diversification	Fri, 15/03/2018	Fri, 30/03/2018
Assignment 3: Bonds and stocks	Tue, 17/04/2018	Thurs, 03/05/2018
Assignment 4: Firm Valuation	Thurs, 03/05/2018	Tue, 15/05/2018

### Course Assessment

The performance of the students in this course will be assessed via problem sets (20%), class participation (30%), mid-term exam (20%) and final project (30%). For the assignments and the project report, the students may form up discussion groups, but all must write and submit their own wording solutions. Case study reflection (levels of grading include good, satisfaction, and dissatisfaction) and active participation will constitute class overall participation grade. All assignments should meet the deadline of 8:20 AM at the lab in papers and electronic files (Word/Excel).

Please refer to the Students' Handbook for guidelines on plagiarism and other related issues.

## CLASS SCHEDULE

### PART 1: FUNDAMENTAL FINANCE

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<b>WEEK 1</b>	
<b>Lecture 01:</b>	Tuesday, 27/02/2018, 13:30-15:00
<b>Topic:</b>	<b>Introduction</b>
Readings:	Brealey, Myers & Allen, Chapter 1
<b>Lecture 02:</b>	Thursday, 01/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Discounted Cash Flow and Present Value (I)</b>
Readings:	Brealey, Myers & Allen, Chapter 2
<b>Lecture 03:</b>	Friday, 02/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Discounted Cash Flow and Present Value (II)</b>
Readings:	Brealey, Myers & Allen, Chapter 2
	<i>Assignment 1 distributed</i>

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<b>WEEK 2</b>	
<b>Lecture 04:</b>	Tuesday, 06/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Investment decision principle (1)</b>
Readings:	Brealey, Myers & Allen, Chapter 5 & 6
<b>Lecture 05:</b>	Thursday, 08/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Investment decision principle (2)</b>
Readings:	Brealey, Myers & Allen, Chapter 5 & 6
<b>Review 01</b>	Friday, 09/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Discounted cashflow and Investment Decision</b>

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## PART 2: PORTFOLIO THEORY

WEEK 3	
<b>Lecture 06:</b>	Tuesday, 13/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Risk and Return</b>
<b>Readings:</b>	Bodie, Kane & Marcus, Chapter 5 Brealey, Myers & Allen, Chapter 7
<b>Lecture 07:</b>	Thursday, 15/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Portfolio Theory</b>
<b>Readings:</b>	Bodie, Kane & Marcus, Chapter 6 Brealey, Myers & Allen, Chapter 8
<b>Review 02</b>	Friday, 16/03/2018, 13:30-15:00 <i>Assignment 1 due/Assignment 2 distributed</i>
<b>Topic:</b>	<b>Portfolio Theory</b>
WEEK 4	
<b>Lecture 08:</b>	Tuesday, 20/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Capital Asset Pricing Model, CAPM</b>
<b>Readings:</b>	Bodie, Kane & Marcus, Chapter 7, 7.1-7.3 Brealey, Myers & Allen, Chapter 8 N.X. Thanh, Lecture on CAPM
<b>Lecture 09:</b>	Thursday, 22/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Capital Cost and Structure</b>
<b>Readings:</b>	Brealey, Myers & Allen, Chapter 9, Chapter 17-18
<b>Review 03</b>	Friday, 23/03/2018, 13:30-15:00
<b>Topic:</b>	<b>CAPM and Capital Cost</b>
WEEK 5	
<b>Case Study 01:</b>	Tuesday, 27/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Estimating the Cost of Equity</b>
<b>Readings:</b>	FPT, FETP Case study
<b>Lecture 10:</b>	Thursday, 29/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Guest Lecture: Vietnamese stock market</b>
<b>Readings:</b>	<i>Bodie, Kane &amp; Marcus, Chapter 8</i> <i>Brealey, Myers &amp; Allen, Chapter 13</i>
<b>Review 04</b>	Friday, 30/03/2018, 13:30-15:00
<b>Topic:</b>	<b>Midterm review</b> <span style="float: right;"><i>Assignment 2 due</i></span>
WEEK 6	
<b>02 - 06/04/2018</b>	Reading and group work
WEEK 7	
<b>Midterm exam:</b>	Wed, 11/04/2018, (8:30-11:30)

## PART 3: VALUATION

### WEEK 8

<b>Lecture 11:</b>	Tuesday, 17/04/2018, 13:30-15:00	<i>Assignment 3 distributed</i>
<b>Topic:</b>	<b>Bonds and Bond Valuation (I)</b>	
<b>Readings:</b>	Bodie, Kane & Marcus, Chapter 10 Brealey, Myers & Allen, Chapter 3	
	Thursday, 19/04/2016 (NO CLASS)	
	Friday, 20/04/2018, (NO CLASS)	

### WEEK 9

<b>Lecture 12:</b>	Tuesday, 24/04/2018, 13:30-15:00
<b>Topic:</b>	<b>Bonds and Bond Valuation (II)</b>
<b>Readings:</b>	Bodie, Kane & Marcus, Chapter 10, 11
<b>Lecture 13:</b>	Thursday, 26/04/2018, 13:30-15:00
<b>Topic:</b>	<b>Stocks and the Dividend Discounting Model</b>
<b>Readings:</b>	Brealey, Myers & Allen, Chapter 4 Bodie, Kane & Marcus, Chapter 13, 13.3
<b>Review 05</b>	Friday, 27/04/2018, 13:30-15:00
<b>Topic:</b>	<b>Bonds and Stock Valuation</b>

### WEEK 10

	Tuesday, 01/05/2018, 13:30-15:00
	<b>No class</b>
<b>Lecture 14:</b>	Thursday, 03/05/2018, <i>Assignment 3 due/Assignment 4 distributed</i>
<b>Topic:</b>	<b>Firm Valuation based on Cash Flow (I)</b>
<b>Readings:</b>	Bodie, Kane & Marcus, Chapter 13, 14 Damodaran, Chapter 15 N.X. Thanh, Firm Valuation based on Cash Flow: a simple example
<b>Lecture 15:</b>	Friday, 04/05/2018, 13:30-15:00
<b>Topic:</b>	<b>Firm Valuation based on Cash Flow (II)</b>
<b>Readings:</b>	Bodie, Kane & Marcus, Chapter 13 Damodaran, Chapter 15 N.X. Thanh, Firm Valuation based on Cash Flow: calculation based on financial statement

### WEEK 11

<b>Lecture 16:</b>	Tuesday, 08/05/2018, 13:30-15:00
<b>Topic:</b>	<b>IPO – Guest lecture</b>
<b>Readings:</b>	<i>Bodie, Kane &amp; Marcus, Chapter 03, 09 Brealey, Myers &amp; Allen, Chapter 15</i>
<b>Case Study 02:</b>	Thursday, 10/05/2018, 13:30-15:00

**Topic:** Evaluating Vinamilk (I)  
**Readings:** Vinamilk, FETP Case study

**Review 06:** Friday, 11/05/2018, 13:30-15:00  
**Topic:** Firm valuation, Vinamilk Case (2)

*Assignment 4 due*

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## PART 4: CORPORATE RESTRUCTURE AND GOVERNANCE

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### WEEK 12

**Lecture 17:** Tuesday, 15/05/2018, 13:30-15:00  
**Topic:** SOE Restructuring  
**Readings:** Corporate Governance of State Owned Enterprises, A Toolkit, World Bank Group, 2014 – Chapter 1  
- Resolution 12-NQ/TW 2017: continue to restructure, innovate, and enhance SOE efficiency by the Central Party Executive Committee;  
- Decision 707/QĐ-TTg approval of “Restructuring SOEs with focus on economic conglomerates and general companies 2016-2020”  
(other related documents)

**Lecture 18:** Thursday, 17/05/2018, 13:30-15:00  
**Topic:** Bank Restructuring  
**Readings:** Decision 1058/QĐ-TTg 2017 approval of “Restructuring credit institutions and solving bad debts 2016-2020”  
(other related documents)

**Case Study 03:** Friday, 18/05/2018, 13:30-15:00  
**Topic:** Case discussion: Vietcombank Equitization  
**Readings:** Vietcombank Equitization case study by Huynh The Du and Jay Rosengard

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### WEEK 13

**Lecture 19:** Tuesday, 22/05/2018, 13:30-15:00  
**Topic:** Corporate Governance  
**Readings:** Brealey, Myers & Allen, Chapter 12, 32, 33

**Lecture 20:** Thursday, 24/05/2018, 13:30-15:00  
**Topic:** Corporate Governance after equitization  
**Readings:** - Resolution 09/NQ-CP on establishment of State Capital Management Board at firm level  
(other related documents)  
- Corporate Governance of State Owned Enterprises, A Toolkit, World Bank Group, 2014

**Review:** Friday, 25/05/2018, 13:30-15:00  
**Topic:** Final Review

**WEEK 14**

**28/05** – Reading and group work  
**01/06/2018**

**WEEK 15**

**Final Exam** Wed, 06/06/2018, (8:30-11:30)