

Corporate Finance

Summer semester

Institute:	Institute for Capital Markets and Corporate Finance
Lecturer:	Prof. Dr. Glaser Email: kmf@som.lmu.de
Weekly hours:	4 (Lecture and Tutorials)
Credits	6 ECTS (Bachelor)
Examination:	Written exam (120 minutes)
Prerequisites:	The course is designed for bachelor students in their advanced studies. Basic knowledge of finance, economics and statistics is a prerequisite.
Course Material:	Course materials can be found in the LSF and on Moodle.

Course Description & Main Objectives

This course deals with the theory and practice of how corporations make key corporate financial decisions. Starting with the efficiency of capital markets and irrelevance theorems for corporate capital structure, students will learn about several market frictions such as corporate taxes, costly bankruptcy, and asymmetric information and their implications for capital structure choices. Further topics covered are agency problems within corporations, adverse selection in capital markets, capital budgeting and valuation methods used for investment decisions, as well as initial public offerings. The course will conclude with some aspects of raising equity capital and mergers and acquisitions.

The main objective of the lecture is to introduce students to theoretical and empirical research in the field of corporate finance. Furthermore, students will be familiarized with practical issues in the accompanied tutorial sessions.

Course Outline

1. Risk and Return
 - 1.1 Market Efficiency
 - 1.2 Multifactor Models of Risk
2. Capital Structure
 - 2.1 Financing a Firm with (Debt and) Equity
 - 2.2 Effect of Leverage on Risk and Return
 - 2.3 Debt and Taxes
 - 2.4 Financial Distress, Managerial Incentives, and Information
3. Cost of Capital
 - 3.1 The Equity Cost of Capital
 - 3.2 The Debt Cost of Capital
 - 3.3 The Capital Asset Pricing Model
 - 3.4 Multifactor Models of Risk
4. Raising Equity Capital
 - 4.1 Initial Public Offerings
 - 4.2 Valuation Techniques
 - 4.3 IPO Puzzles
5. Mergers and Acquisitions
 - 5.1 Background
 - 5.2 Reasons to Acquire
 - 5.3 The Takeover Process
 - 5.4 Value Added from a Takeover

Literature: J. Berk & P. DeMarzo (2020), Corporate Finance, 5th Ed., Pearson.

Further Information

Web: <http://www.en.kmf.bwl.uni-muenchen.de>

Registration: No application for attending the tutorial or lecture required.
For the exam is a registration required.
See "Prüfungsanmeldungen" in the LSF