Course Syllabus

ECON 423: Topics in Financial Economics

Course Instructor

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Purpose and Goals

The study of economics provides students with a very valuable analytical “tool kit” and the ability to apply the economic way of thinking to various issues. Students interested in finance will find that there are many useful applications of economic principles within various career paths in finance. The objective of this course is to help students identify these career paths and to work with “real-world” applications that combine economics and finance. To assist students, we will discuss various topics throughout the quarter: 1) insurance; 2) analysis and valuation of stock; 3) fundamentals of transfer pricing; 4) private company valuation and transactions; and 5) private equity and venture capital. Throughout the quarter, we will hear from individuals who will share real-world expertise and practical information to assist students as they plan for post-graduate career paths.

Learning Outcomes

1. Students will be able to identify career paths in finance which utilize their education and training in economics.
2. Students will be able to apply principles from their economics courses to specific analytical problems in fields of finance covered during the quarter.
3. Students will be able to articulate how an understanding of economic principles would strengthen an individual’s ability to successfully work in the fields of finance covered during the quarter.

Course Structure

Modules and Readings

This course includes five (5) two-week Modules, one for each of the topics or fields in financial economics that we will explore during the quarter. See further below for the Course Schedule. Each "Module" on Canvas will provide the associated readings and materials.

NOTE that two Modules reference readings from custom electronic textbooks which are available for purchase: Module 3 (Analysis and Valuation of Stock) and Module 5 (Private Company Valuation and Transactions):

- *Fundamentals of Corporate Finance*, 9th Edition by R. Brealey, S. Myers and A Marcus, McGraw Hill Irwin.
  - Students may purchase a **custom electronic text** *containing only the chapters referenced during the class* by visiting this website: **https://create.mheducation.com/shop/#** **(https://create.mheducation.com/shop/#)** and entering this ISBN number: 9781309099223
- *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset*, Aswath Damodaran (3rd ed.).
  - Students may purchase a **custom electronic text** *containing only the chapters referenced during the class* by visiting this website: **https://www.vitalsource.com/custom/9781119423607** **(https://www.vitalsource.com/custom/9781119423607)**

Or go to **www.vitalsource.com** **(http://www.vitalsource.com)** and search for the custom ISBN: 9781119423607

Please contact me right away via email (**ctapia@uw.edu** **(mailto:ctapia@uw.edu)**) or during class if you have any trouble accessing the readings.

Assessments

Each of the five modules will include an in-class exam. Grading is discussed further below. The module exam will be scheduled after the final lecture for each topic. Details regarding each module exam (including due date) will be posted on Canvas.

Course Communication

In addition to our time in the classroom, this course offers several ways that you will be able to communicate and connect with others in this course.

- If you have a question about the course, please **start** by reading this **syllabus** carefully, along with any Canvas announcements and any relevant course assignment instructions.
- If you can't find an answer to your question after rereading the syllabus and any relevant instructions, of course you are always welcome to ask during class or via email (**ctapia@uw.edu** **(mailto:ctapia@uw.edu)**). Please use your UW email address. I will do my best to respond within 24 hrs. Office hours can also be arranged via email to set up by appointment.
- If you need tech support, contact Tech Support for the UW Seattle campus: **help@uw.edu** **(mailto:help@uw.edu)** or (206) 221-5000.

Grading

As noted above, each module will include an exam. Your grade for the course will be calculated as the average of your five module grades. Grades will be determined using the following **scale** **(https://canvas.uw.edu/courses/1547156/files/89995717?wrap=1)** .

Course Schedule Outline

***NOTE*:** The schedule outlined below may be adjusted and will be supplemented with additional announcements made via Canvas.

Additional information (including lecture slides and/or notes) will be posted on Canvas. In addition, class announcements will be sent through Canvas. *It is your responsibility to check class announcements on Canvas to have the latest information regarding readings, exams, and scheduling. Please be sure to set your Canvas notifications accordingly to hear about the latest announcements and files posted.*

Week One

- Welcome and Introduction to course (3/29)
- Module 1: Private Equity and Venture Capital (3/29 & 3/31)

Week Two

- Module 1 (cont'd): Private Equity and Venture Capital (4/5)
  - Exam (4/7)

Week Three

- Module 2: Insurance (4/12, 4/14)

Week Four

- Module 2 (cont'd): Insurance (4/19)
  - Exam (4/21)

Week Five

- Module 3: Analysis and Valuation of Stock (4/26, 4/28)

Week Six

- Module 3 (cont'd): Analysis and Valuation of Stock (5/3)
  - Exam (5/5)

Week Seven

- Module 4: Transfer Pricing (5/10, 5/12)

Week Eight

- Module 4 (cont'd): Transfer Pricing (5/17)
  - Exam (5/19)

Week Nine

- Module 5: Private Company Valuation and Transactions (5/24, 5/26)

Week Ten

- Module 5 (cont'd): Private Company Valuation and Transactions (5/31)
  - Exam (6/2)

Over the quarter, we will be hearing from the following speakers:

- Olga Yang, CPCU, ARM, AIM, ARe, APA, ASLI; Executive Underwriter, The Hartford
- Chip Holland, C.L.U.; President, Life & Health Underwriters, Inc.
- Steve Phelps, C.F.A., C.I.C.; President, Chief Investment Officer and Wealth Manager; Badgley Phelps Wealth Managers
- David Unger; Managing Director, Economic and Valuation Services; KPMG, L.L.P.
- Patrick Ringland; Principal & Managing Director; Meridian Capital Investment Bankers
- Garrett James Black, CAIA; Senior Manager, Custom Research & Publishing; PitchBook Data