FIN580: Capstone – Finance

Credit Hours: 3

Contact Hours: This is a 3-credit course, offered in accelerated format. This means that 16 weeks of material is covered in 8 weeks. The exact number of hours per week that you can expect to spend on each course will vary based upon the weekly coursework, as well as your study style and preferences. You should plan to spend 14-20 hours per week in each course reading material, interacting on the discussion boards, writing papers, completing projects, and doing research.

Course Description and Outcomes

Course Description:
In this capstone course students will integrate all essential concepts involved in financial decision-making. Students will work on case studies and a comprehensive Capstone Project that can be applied to a place of employment or within the financial sector.

Course Overview:
This capstone course provides you with an opportunity to demonstrate mastery of various aspects of the Master in Finance program at CSU-Global. You will evaluate a case study and conduct a cash flow analysis, looking at both the weighted average cost of capital (WACC) and capital budgeting, and then evaluate a case study on interest rate swaps. You will also review the stock market, portfolio management and risk analysis, and financial statement analysis. For your Capstone Project you will complete a stock valuation and CAPM and then provide investment recommendations.

Course Learning Outcomes:

1. Apply the cost of capital concept in the evaluation of capital expenditures.
2. Apply capital budgeting techniques to cash flow in making long-term investment.
3. Identify how derivatives are used to hedge risks.
4. Evaluate investment opportunities using different theories.
5. Analyze different portfolios in terms of risk return tradeoff.
6. Evaluate the financial health of a company by analyzing its financial statements.
7. Evaluate stock market performance and apply the concept of stock valuation in making investment decisions.

Participation & Attendance

Prompt and consistent attendance in your online courses is essential for your success at CSU-Global Campus. Failure to verify your attendance within the first 7 days of this course may result in your withdrawal. If for some reason you would like to drop a course, please contact your advisor.
Online classes have deadlines, assignments, and participation requirements just like on-campus classes. Budget your time carefully and keep an open line of communication with your instructor. If you are having technical problems, problems with your assignments, or other problems that are impeding your progress, let your instructor know as soon as possible.

**Course Materials**

Textbook Information is located in the CSU-Global Booklist on the Student Portal.

**Course Schedule**

**Due Dates**
The Academic Week at CSU-Global begins on Monday and ends the following Sunday.

- Discussion Boards: The original post must be completed by Thursday at 11:59 p.m. MT and Peer Responses posted by Sunday 11:59 p.m. MT. Late posts may not be awarded points.
- Critical Thinking Assignments and Capstone Project: Assignments are due Sunday at 11:59 p.m. MT.
- Live Classroom: Although participation is not required, Live Classroom sessions are held during Weeks 1, 3, 5, and 7. There are four total sessions.

<table>
<thead>
<tr>
<th>Week #</th>
<th>Readings</th>
<th>Assignments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Module Content</td>
<td>Discussion (25 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Critical Thinking (75 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Live Classroom (0 points)</td>
</tr>
<tr>
<td>2</td>
<td>Module Content</td>
<td>Discussion (25 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Critical Thinking (75 points)</td>
</tr>
<tr>
<td>3</td>
<td>Module Content</td>
<td>Discussion (25 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Critical Thinking (75 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Live Classroom (0 points)</td>
</tr>
<tr>
<td>4</td>
<td>Module Content</td>
<td>Discussion (25 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Critical Thinking (75 points)</td>
</tr>
<tr>
<td>5</td>
<td>Module Content</td>
<td>Discussion (25 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Critical Thinking (75 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Live Classroom (0 points)</td>
</tr>
<tr>
<td>6</td>
<td>Module Content</td>
<td>Discussion (25 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Critical Thinking (75 points)</td>
</tr>
<tr>
<td>7</td>
<td>Module Content</td>
<td>Program Completer Survey (25 points)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Live Classroom (0 points)</td>
</tr>
<tr>
<td>8</td>
<td>Module Content</td>
<td>Discussion (25 points)</td>
</tr>
<tr>
<td></td>
<td>Review <em>CSU-Global Guide to Writing and APA</em> as needed</td>
<td>Capstone Project (350 points)</td>
</tr>
</tbody>
</table>
Assignment Details

This course includes the following assignments/projects:

Module 1

CRITICAL THINKING ASSIGNMENT (75 Points)

Case Study: Cost of Capital – WACC

You will use the following case study for this assignment:


Case Summary:

This case is primarily a capital budgeting expansion project for the company, Cape Chemical, which has done very well in the past in terms of sales and profits growth, and now needs to expand. Furthermore, the sudden withdrawal of one key competitor from the region has opened the opportunity for Cape Chemical to increase its market share. Unfortunately, the company was already operating at its maximum. So, the company needs to expand its work force and storage capacity and acquire more equipment. However, the company has no set process for capital expenditure evaluation in place. The company is unsure whether it should buy used or new equipment. Although the used equipment costs significantly less, it has an economic life of just three years, while the new equipment will last seven years.

Your task is to conduct a cash flow analysis for each alternative and provide recommendations to Cape Chemical. This case study has two sections; the first part looks at the weighted average cost of capital (WACC), and the second extends to capital budgeting. For this week, you are required to answer only questions 1-3.

Your well-written draft should answer questions 1-3 and meet the following requirements:

- Be provided in one document in Word or a similar word processing program
- Provide at least one paragraph of supporting explanation in response to each question
- Provide an Excel spreadsheet with solutions to each question on a separate worksheet; formulas in the spreadsheet must be linked; each worksheet should be clearly labeled (e.g. "Question #1," "Question #2," etc.); and each spreadsheet should be embedded in the Word document
- Be formatted according to the CSU-Global Guide to Writing and APA

See the Embedding Instructions (below) for instructions on how to embed an Excel spreadsheet in a Word document.

Module 2

CRITICAL THINKING ASSIGNMENT (75 points)

Case Study: Cost of Capital – Capital Budgeting

You will use the following case study for this assignment:

Case Summary:

This case is primarily a capital budgeting expansion project for the company, Cape Chemical, which has done very well in the past in terms of sales and profits growth, and now needs to expand. Furthermore, the sudden withdrawal of one key competitor from the region has opened the opportunity for Cape Chemical to increase its market share. Unfortunately, the company was already operating at its maximum. So, the company needs to expand its work force and storage capacity and acquire more equipment. However, the company has no set process for capital expenditure evaluation in place. The company is unsure whether it should buy used or new equipment. Although the used equipment costs significantly less, it has an economic life of just three years, while the new equipment will last seven years.

Your task is to conduct a cash flow analysis for each alternative and provide recommendations to Cape Chemical. This case study has two sections; the first part looks at the weighted average cost of capital (WACC), and the second extends to capital budgeting. For this week, you are required to answer questions 4-8.

Your well-written draft should answer questions 4-8 and meet the following requirements:

- Be provided in one document in Word or a similar word processing program
- Provide at least one paragraph of supporting explanation in response to each question
- Provide an Excel spreadsheet with solutions to each question on a separate worksheet; formulas in the spreadsheet must be linked; each worksheet should be clearly labeled (e.g. "Question #4," "Question #5," etc.); and each spreadsheet should be embedded in the Word document
- Be formatted according to the CSU-Global Guide to Writing and APA

See the Embedding Instructions (below) for instructions on how to embed an Excel spreadsheet in a Word document.

Module 3

CRITICAL THINKING ASSIGNMENT (75 points)

Case Study: Interest Rate Swaps

You will use the following case study for this assignment:


Case Summary:

INTEREST RATE SWAPS AT HOLOGEN INC

Hologen Inc., a diversified company in medical technological products, is planning on aggressively expanding its market share to become the largest global pure-play women’s health company. Presently, it operates in three business segments (Skeletal Health, Breast Health, and GYN Surgical) and it is imperative to penetrate the diagnostic healthcare segment to attain its status as the world leader. Acquiring Cybertech, a British diagnostic firm, will be the quickest and most cost-effective option given its existing international clientele. Hologen requires approximately $200 million to make the tender offer for Cybertech and is considering three borrowing alternatives, and your task is to recommend the best option.

Your well-written draft should address the seven questions at the end of the case study and meet the following requirements:
Module 4

CRITICAL THINKING ASSIGNMENT (75 points)

Securities, Market Functions, and Performance Evaluation

This week you will provide an overview of the stock market and evaluate its past performance. Your discussion should include:

General

- The structure of the stock market and how it operates
- How transactions are conducted in the stock market
- Securities that could be bought or sold in the stock market
- Other available financial instruments besides stocks
- How they are used

Evaluation of Overall Stock Market Performance Using the Main Indexes:

- Compare and contrast the three major stock market indexes (i.e. Dow Jones Industrial Average, S&P 500, and NASDAQ Composite).
- Graph the performance of indexes from 1996 to present.
- Analyze the trends and explain the major events from 1996.
- Discuss the overall economic outlook and analysts’ forecast of the stock market.
- What are the factors that affect how the stock market performs?
- Where do you see the stock market going over the next three months? One year? Three years?

Your well-written paper should meet the following requirements:

- Be two or three pages in length for the analysis and explanations
- Be formatted according to the CSU-Global Guide to Writing and APA
- Include graphs and Excel spreadsheets; these spreadsheets should be embedded in the Word document as an appendix after your analysis and explanations
- Include a minimum of three credible references.

See the Embedding Instructions (below) for instructions on how to embed an Excel spreadsheet in a Word document.

Module 5

CRITICAL THINKING ASSIGNMENT (75 Points)

Portfolio Management and Risk Analysis

Using weekly price data of the 30 Dow Jones Industrial Average (DJIA) stocks for the past three years, construct the portfolios listed below.
Portfolios Structure: 6 portfolios of 5 stocks, 3 portfolios of 10 stocks, 2 portfolios of 15 stocks, and 1 portfolio of 30 stocks

- For the portfolios, compute the returns, standard deviations and coefficient of risk variation.
- Analyze the risk and return patterns and diversification benefits.
- Based on the risk/return analysis, which portfolio selections are the most profitable?
- How do the portfolios’ performances compare to the S&P 500’s?
- What are the advantages and disadvantages of including international stocks in the portfolio?
- If Mr. Smith chooses to include foreign stocks in the portfolio, how can he use derivatives to hedge against currency risk which can be present from international investing? Your well-written draft should meet the following requirements:

Your well-written paper should meet the following requirements:

- Be two or three pages in length for the analysis and explanations
- Be formatted according to the CSU-Global Guide to Writing and APA
- Include Excel spreadsheets with data, portfolios, and risk and return computations; these spreadsheets should be embedded in the Word document as an appendix after your analysis and explanations
- Include a minimum of three credible references.

See the Embedding Instructions (see below) for instructions on how to embed an Excel spreadsheet in a Word document.

Module 6

CRITICAL THINKING ASSIGNMENT (75 Points)

Financial Statement Analysis

Select two companies and perform an in-depth financial statement analysis using annual data for the past 5 years. One must be a blue chip company listed in the Dow Jones Industrial Average. Data can be found at http://finance.yahoo.com and/or https://www.sec.gov/edgar/searchedgar/companysearch.html.

Your discussion and analysis of each company should include:

- Company background
- Industry outlook
- Analysts’ forecasts
- Revenue, price, and income trend analysis
- Financial ratio analysis (use the Ratio Analysis Table; note that you will need to complete two charts, one for each company)
- Altman’s Z-score calculation for at least three years
- Discussion of any ethical concerns about this and explanation of what could be done to improve or promote ethical behavior

Analyze the financial health of each company and make recommendations to Mr. Smith on whether or not each company would be a good buy and why.

Your well-written draft should meet the following requirements:

- Be two or three pages in length for the analysis and explanations
- Be formatted according to the CSU-Global Guide to Writing and APA
• Include Excel spreadsheets with computations, using clearly labeled separate worksheets for each analysis (i.e. ratio analysis, trend analysis, Altman’s Z-score, etc.); these spreadsheets should be embedded in the Word document as an appendix after your analysis and explanations
• Include a minimum of three credible references.

See the Embedding Instructions (below) for instructions on how to embed an Excel spreadsheet in a Word document.

Module 8

Final Capstone Project (350 Points)

In this module you will complete and submit your Capstone Project. If you completed your stock valuation in Module 7, you should be ready to develop your investment recommendations. For a full description of the Capstone Project requirements, see the Capstone Project Description document (below).

Course Grading

20% Discussion Participation & Survey
45% Critical Thinking Assignments
35% Capstone Project
0% Live Classroom

Grading Scale and Policies

<table>
<thead>
<tr>
<th>Grade</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>95.0 – 100</td>
</tr>
<tr>
<td>A-</td>
<td>90.0 – 94.9</td>
</tr>
<tr>
<td>B+</td>
<td>86.7 – 89.9</td>
</tr>
<tr>
<td>B</td>
<td>83.3 – 86.6</td>
</tr>
<tr>
<td>B-</td>
<td>80.0 – 83.2</td>
</tr>
<tr>
<td>C+</td>
<td>75.0 – 79.9</td>
</tr>
<tr>
<td>C</td>
<td>70.0 – 74.9</td>
</tr>
<tr>
<td>D</td>
<td>60.0 – 69.9</td>
</tr>
<tr>
<td>F</td>
<td>59.9 or below</td>
</tr>
</tbody>
</table>

In-Classroom Policies

For information on late work and incomplete grade policies, please refer to our In-Classroom Student Policies and Guidelines or the Academic Catalog for comprehensive documentation of CSU-Global institutional policies.

Academic Integrity

Students must assume responsibility for maintaining honesty in all work submitted for credit and in any other work designated by the instructor of the course. Academic dishonesty includes cheating, fabrication, facilitating academic dishonesty, plagiarism, reusing/re-purposing your own work (see CSU-Global Guide to Writing and APA Requirements for percentage of repurposed work that can be used in an assignment), unauthorized possession of academic materials, and unauthorized collaboration. The CSU-Global Library provides information on how students can avoid plagiarism by understanding what it is and how to use the Library and Internet resources.

Citing Sources with APA Style

All students are expected to follow the CSU-Global Guide to Writing and APA Requirements when citing in APA (based on the APA Style Manual, 6th edition) for all assignments. For details on CSU-Global APA style, please review the APA resources within the CSU-Global Library under the “APA Guide & Resources” link. A link to this document should also be provided within most assignment descriptions in your course.
Disability Services Statement
CSU–Global is committed to providing reasonable accommodations for all persons with disabilities. Any student with a documented disability requesting academic accommodations should contact the Disability Resource Coordinator at 720-279-0650 and/or email ada@CSUGlobal.edu for additional information to coordinate reasonable accommodations for students with documented disabilities.

Netiquette
Respect the diversity of opinions among the instructor and classmates and engage with them in a courteous, respectful, and professional manner. All posts and classroom communication must be conducted in accordance with the student code of conduct. Think before you push the Send button. Did you say just what you meant? How will the person on the other end read the words?

Maintain an environment free of harassment, stalking, threats, abuse, insults or humiliation toward the instructor and classmates. This includes, but is not limited to, demeaning written or oral comments of an ethnic, religious, age, disability, sexist (or sexual orientation), or racist nature; and the unwanted sexual advances or intimidations by email, or on discussion boards and other postings within or connected to the online classroom.

If you have concerns about something that has been said, please let your instructor know.