

ACT199 First Year Seminar – Decipher Financial Puzzles in the Media and Pop Culture (Fall 2024)

Course Description:

Have you ever watched a pundit's passionate rant over financial crisis on TV and wondered whether he was right or wrong? Did you get the full story after watching movies like Margin Call or The Big Short? What was the efficiency market versus behavioral finance debate all about? Did you wonder why everyone in the financial press seem to be calling for a lower debt/equity ratio on banks in the post-crisis era? If you find yourself think about those questions, this is the course for you. We will start from some basic building blocks of finance, such as time value of money and discounting, and proceed to look at some of the important financial controversies you have read or heard in the pop culture or media.

Instructor:

Professor V. Zhang

Email: vickijing.zhang@utoronto.ca

Office: Room 9132, 700 University Avenue 9th floor

Seminars:

Thursdays, 3-5pm

Location: Teefy Hall (TF) Room 102 (57 Queen's Park Cres E)

Course website (Quercus): <http://q.utoronto.ca>

Office hour:

Thursdays, 5-6pm

Teaching Assistant (TA):

Luke Bai (luk.bai@utoronto.ca)

Textbook:

- There is no textbook for this course. All course readings will be posted on Quercus.
- We will do a close reading of Ayad Akhtar's "Junk: a play" later in the semester. You are highly recommended to purchase a copy of this play from Amazon.ca (either paperback or e-book is fine). It is also available through UofT library at: <https://search-ebshost-com.myaccess.library.utoronto.ca/login.aspx?direct=true&db=nlebk&AN=1238939&site=ehost-live&ebv=EK&ppid=Page- -1>. However, the library only allows one student at a time when accessing this book online.

Marking Scheme:

- 1- "In-class portfolio" (20%):
 - (1) In-class Q&A through Poll Everywhere
 - (2) In-class team-based challenges
 - (3) In-class debate (first come first serve)
 - (4) Play reading/acting (first come first serve)
 - (5) General participation of class discussion
- Active and informed participation in various class activities and discussions (**sometimes this takes the form of an after-seminar homework with quick turnaround**).

- You will need PollEverywhere for real-time polling questions.
 - You may not participate in every activity (e.g. indeed some activities have limited number of spots available), but the more you participate the better your “portfolio” will be.
- 2- Two in-class, open-book quizzes (25% each, 50% in total). Only your notes are permitted. No electronic devices (other than a calculator) is permitted.
 - 3- One Modified Op-Ed article (15%).
 - 4- Poster or creative artmaking + lightning talk (see below for details) on a chosen topic (15%).

“Modified” Op-Ed article:

You should pick one controversial topic related to the course content to write an Op-Ed article. To encourage pluralistic thinking, you should write the first part of the article in the “believing” mode (theories and evidence supporting the motion) and second part in the “doubting” mode (theories and evidence opposing the motion). You may certainly express your personal opinions on the topic as long as you have presented arguments from both sides.

Your audience/reader of the Op-Ed are the general public, and therefore you should strive in your writing to be as reader-friendly and jargon-free as possible. More detailed requirements and grading rubrics will be provided.

Poster or Creative Artmaking:

You are required to make a poster (physical or electronic, whichever you prefer) on a course topic that you find interesting and controversial. You will do a brief presentation (“lightning talk”) based on your poster in the last seminar of the course.

Alternatively, you can also use artistic means to convey a topic you have learned in this course. Examples include drawing/painting, song/music, concept map, video, 3D model, poem, even a performance/dance. If you take this route, you should give an artistic statement in the last seminar, reflecting on how the artwork connects with the course content (as well as your general reflections on the topic).

Please only submit either a poster or an artwork, but not both.

Calculator:

You will need a financial calculator for this course. It is available for purchase at UofT bookstore.

Estimated Weekly Schedule of Topics:

Part One – Basic Interest Theory

Seminar 1 – September 5:

- Get to know each other
- The Case of Payday Loan
- Basics of interest theory
- Poll Everywhere test-run

Seminar 2 – September 12:

- What are we talking about when we talk about saving for retirement?
- Retirement savings schemes, investment strategies, basics of annuity

Part Two – The Financial Crisis of Our Times

Seminar 3 – September 19:

- “Weapons of mass destruction”?
- Basics of financial derivatives

Seminar 4 – September 26:

- What did “Big Short” teach us?
- More on financial derivatives, moral hazard

Seminar 5 – October 3:

- Are markets efficient?
- Debate on the Efficient Market Hypothesis.

Seminar 6 – October 10:

- **First In-class Quiz (covers materials from Seminar 1-5)**

Part Three – Financial Crisis Postmortem: Policies to Limit Corporation Leverage

Seminar 7 – October 17:

- What does classic theory tell us about corporation leverage?
- Why does classic theory fail to work in reality?

Seminar 8 – October 24:

- Financial Distress and Agency Cost

October 31 – Reading week. No seminar or office hour.

Part Four – A Leveraged Buyout Story

Seminar 9 – November 7:

- Cost of debt – trade-off and pecking-order theory
- Close reading “Junk: a play” (Part 1)

Seminar 10 – November 14:

- Close reading “Junk: a play” (Part 2)

Part Five – Wrap-up and reflections

Seminar 11 – November 21:

- **Second In-class Quiz**

Seminar 12 – November 28: (all posters/artwork are due by Seminar time)

- Student poster or arts showcase and “lightning talks”

Missed Assignments or Quizzes

- There is no make-up for course assignments or in-class activities.
- However, there may be several bonus points activities throughout the course to help students who occasionally miss the seminar.

Academic Integrity

Academic integrity is fundamental to learning and scholarship at the University of Toronto. All assessments in this course are “open-book” in nature (i.e. you can consult your lecture notes). However, unless specified otherwise (e.g. team challenges in class), all work must be done by yourself, without help from others. Receiving help from anyone on an assessment, whether they are another student in the course or someone external to the course, is a serious academic offence. Providing help to another student in the course on an assessment is an equally serious academic offence. Posting or distributing questions from assessments is not permitted at any time.

Please further familiarize yourself with the University of Toronto’s Code of Behaviour on Academic Matters available at <http://academicintegrity.utoronto.ca>.