Module 0

Introduction

FINE 3010, Financial Management

Prof. Renping Li, Tulane University

Today

- About the instructor and the course
- Grades, calculator, and the AI policy
- A real-world story, has OpenAI missed its best chance to go public?
- The road ahead, nine modules

About the Instructor

- **Name**, Renping Li
- **Title**, Assistant Professor of Finance
- **Education**
  - Ph.D. in Finance from Washington University in St. Louis
  - Undergraduate studies in Math & Economics at The Ohio State University
- **Research Interests**
  - Finance and AI
  - Finance and Industrial Organization
- **Office**, GWBC 359
- **Email**, rli17@tulane.edu

About the Course

- **Introduction**
  - Finance core course, for students from all backgrounds
  - Fundamental concepts of corporate finance
  - Overview of financial markets and everyday securities
  - Quantitative tools and models for your career
- **Learning Objectives**
  - Explain how corporations make financial decisions
  - Describe how financial markets operate and how major securities differ
  - Analyze the risk–return trade-off and how investors manage both
- **Nine Modules**
  - 4 lectures per module

Administrative Info

- **Class Hours** (all in GWBC 112)
  - Section 01, 11:00AM–11:50AM, M/W/F
  - Section 04, 10:00AM–10:50AM, M/W/F
  - Section 05, 8:00AM–8:50AM, M/W/F
- **Office Hours**
  - In-Person, Monday 1:00PM–2:00PM, GWBC 359
- **Textbook**
  - Fundamentals of Corporate Finance, Edition 11, by Richard Brealey, Stewart Myers, and Alan Marcus
  - E-book via the "McGraw Hill Connect" tab on Canvas
- **Recordings**, available on Canvas
- **Newspapers**
  - Wall Street Journal, libguides.tulane.edu/news_newspapers/wsj
  - Financial Times, libguides.tulane.edu/news_newspapers/financial_times

Homework and exams make up 85% of your grade

Component	Weight
Class participation	5%
AI assistance exercise	5%
Statistical analysis exercise	5%
Homework assignments	30%
Mid-term exam I	10%
Mid-term exam II	15%
Final exam	30%
Total	**100%**

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- Final exam, university exam week 12/7–12/12, exact time per section TBA

Grades follow a fixed scale, and curves can only help you

Grade	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
Points	100-93	92-90	89-87	86-83	82-80	79-77	76-73	72-70	69-67	66-63	62-60	$<$60

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Final grades can only be curved up, never down.

Get the Texas Instruments BA II Plus

- You need a **financial calculator**

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CFA

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- The CFA exams allow only two calculator series, the **TI BA II Plus** and the **HP 12C**

CFA

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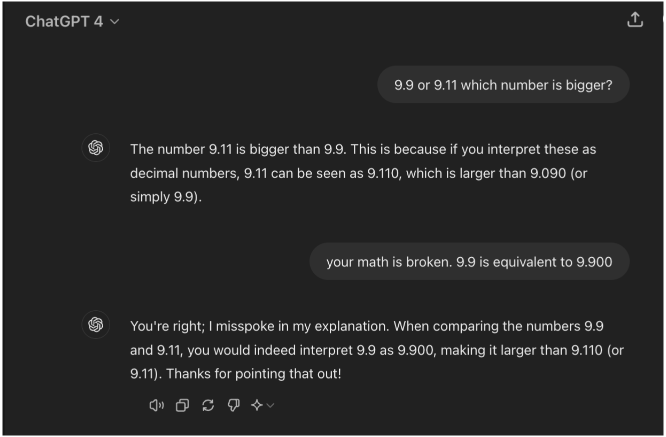
Which is bigger, 9.9 or 9.11?



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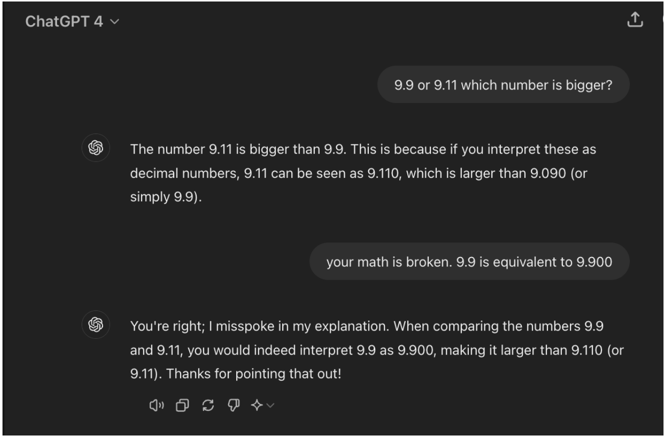

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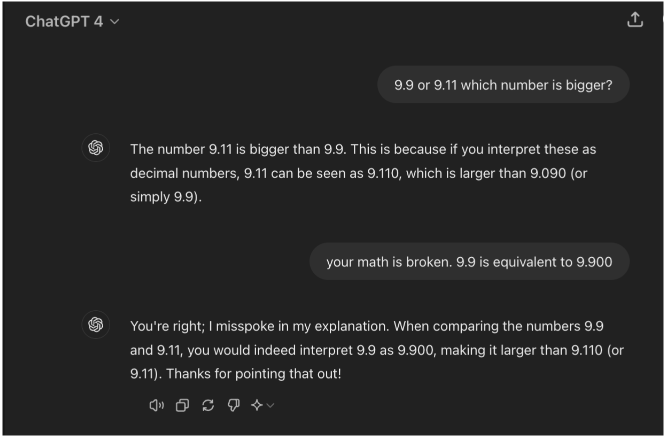

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- Now imagine it comparing returns of 9.9% vs. 9.11%   OpenAI developer forum, 2024

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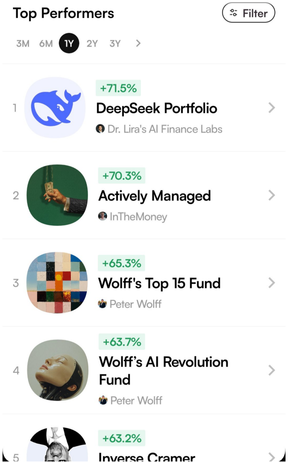
Teaching AI to invest is already a job



Autopilot top performers (1Y), via @aifinancelabs, Aug 2026

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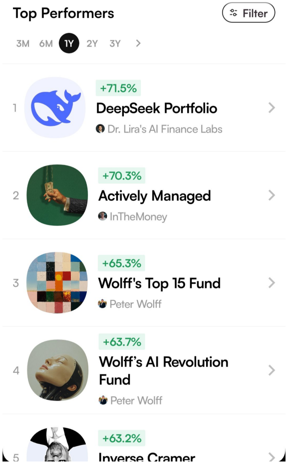

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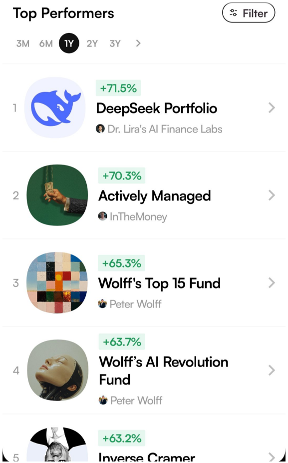

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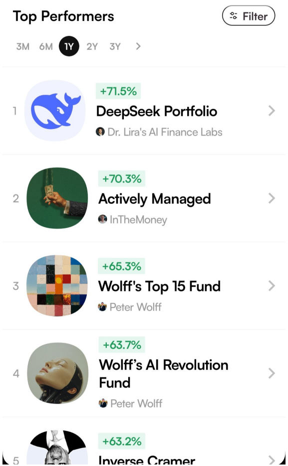

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A job that did not exist three years ago.

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AI raises the playing field, but it stays level. Effort and understanding still win.

Real-world Application of What We Will Learn

OpenAI

the company behind ChatGPT

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$852,000,000,000

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How does that work?

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- To get there, a private company must **go public**, through an IPO...

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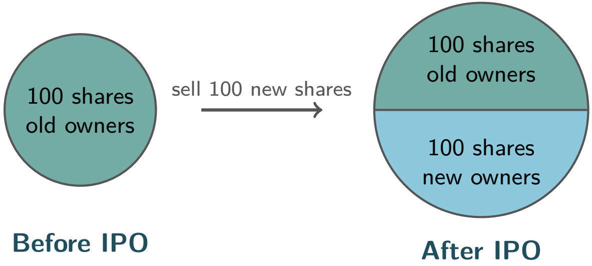
- Example, OpenAI's owners hold 100 shares, and the IPO sells 100 new shares

An IPO halves your share, but doubles the pie



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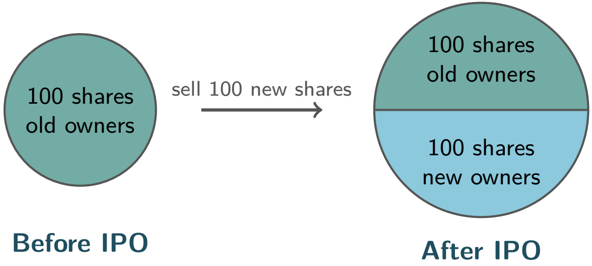

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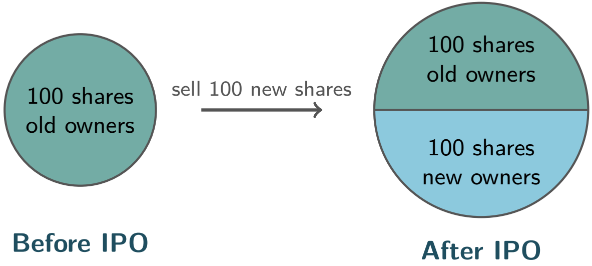

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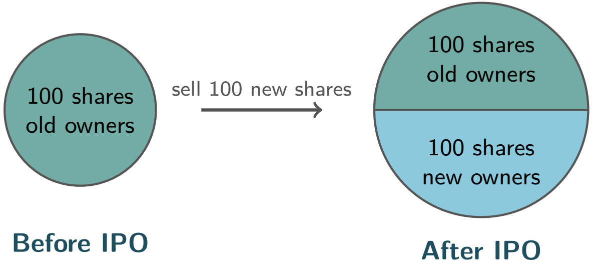

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- Old owners do not lose, the pie is bigger, the firm now holds the IPO cash too

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- A successful IPO needs **investor confidence**, price and timing

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June 9, Wall Street digests the filing

- CNBC Television, June 9, 2026 (3:36)
  - "OpenAI files confidential S-1 with the SEC"
- As you watch, note,
  - Why are investors so excited?
  - What would justify $1 trillion?

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The press sees the window narrowing

NYT, June 25, "OpenAI Leans Toward Waiting Until Next Year for I.P.O."

- Growth doubts, ChatGPT stuck near 900M users (1B hoped), heavy spending, no profit yet
- Advisers urge patience, Altman insists on $1 trillion, anything less "a nonstarter"

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WSJ, July 14, "OpenAI's Growing Challenges Narrow Its IPO Window"

- No longer the clear leader, Anthropic now worth more in private markets
- New headaches, Apple lawsuit, a top executive leaving, a more distant Microsoft
- "Neither choice, moving fast or waiting, is without peril", the case for raising money before troubles catch up

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Wait for $1 trillion, or go public while you still can?

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- **July–Aug. 2026**, price war with Chinese rivals

July 20, the Chinese rival changes the math

- Bloomberg Tech, July 20, 2026 (7:41)
  - "How Kimi K3 Is Reshaping AI Investing"
- As you watch, note,
  - Why does Kimi's release hit U.S. tech stocks?
  - What does this mean for OpenAI's IPO case?

Discuss, has OpenAI missed its best chance to go public?

- Discuss with your neighbor (3 minutes),
    - If you were OpenAI's CFO, would you go public now below $1 trillion, or wait for 2027?

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- **Show of hands,** yes, it missed its moment / no, the best is yet to come

Course Overview

- **Module 1 (Introduction to Finance)**
  - Investment decisions and financing decisions
  - Tangible and intangible assets
  - Maximize shareholder value, but there are ethical considerations
- **Module 2, 3 (Accounting)**, how to explain your business to investors? How to evaluate a business?
- **Module 4, 5 (Valuation)**, what are future cash flows worth today? How to value equity and bonds?
- **Module 6, 7 (Project Evaluation)**, how to evaluate projects and choose the best ones to pursue?
- **Module 8 (Risk-return Trade-off)**, how to choose the best companies to invest in?
- **Module 9 (WACC)**, how to compute a firm's overall cost of capital?

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- On homework, work independently, without AI, effort and understanding still win
- By the end of this course, you will have the tools to think through questions like OpenAI's

Thank you!

Please let me know if you have any questions.