

Investments vs. Corporate Finance

Investments

- Involves valuing and choosing stocks/bonds.
- Investors create a diversified portfolio with securities from multiple companies.

Corporate Finance

- Focuses on deciding which assets or projects the firm should invest in.

Time Value of Money (TVM)

Future Value (FV): What money today will be worth in the future.

Present Value (PV): What future money is worth today.

Financial Management and Careers

Financial Management

- Overlaps with corporate finance; involves evaluating how outside investors view a company.

Careers

- Corporate financial officer, banker, stockbroker, portfolio manager, financial consultant, etc.

Activities of Financial Managers

1. Daily Activities

- Monitoring cash flow, managing credit, overseeing inventory.

2. Long-term Activities

- Negotiating loans, issuing stocks/bonds, planning budgets, and dividends.

Risk-return trade-off



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