

FINA 7A97 Stock Analysis in Investment Banking [25626]

Spring 2023, session 3

Monday 6:00-9:00 pm

Instructor - Van Levy

Into & Objective

- **Write Effective Research Reports for Publicly Traded Companies.**
 - Structure of all essential components of an effective research report.
 - Why are research reports needed?
 - Who consumes the research product?
 - How does a research analyst interact with all interest parties?

- **Getting a Job – Research Report Analysis is Great Training**
 - Sell Side & Buyside Institutions
 - Private Equity Institutions
 - Debt Markets
 - Research job as effective training for investment banking, sales and syndicate
 - Research job as effective training for high yield & convertible securities.
 - Research job as effective training for equity funds including hedge funds
 - Research job as effective training for private equity funds and hedge funds

- **Analyze Publicly Traded Companies.**
 - Basic analytical methodology
 - Effective historical analysis
 - Projections - Effective spreadsheet modelling and monitoring process.
 - Company guidance

- **Capstone Course That Integrates Into Practical Use Existing MBA Course Studies**
 - Accounting
 - How do the Balance Sheet, Income Statement & Changes in Cash Position speak with each other
 - Finance
 - Theory and practical use
 - What is an Interest Rate, Interest Rate Components & How Used?
 - **Investment Banking**
 - Sales
 - Trading
 - Syndicate
 - Capital Markets
 - Cases in Finance

- **Introduction To Public Capital Markets (“PM”) And PM Participants**
 - Buyside Institutions
 - Sell Side Institutions
 - Industry Structure
 - Role of Private Equity

- **Valuation of Public Companies**
 - Liquidation Value
 - Ongoing Concern Value
 - Franchise Value
 - IPO, Secondaries or “Used Stock”

- **Corporate Model**
 - History & Forecasting
 - Sensitivity Analysis
 - Principal Drivers
 - Company Guidance

- **Modelling and Competency in Excel**

- **Valuation Metrics - Derive it and What Does it Mean?**
 - Total Enterprise Value (TEV/EBITDA)
 - Price/Cash Flow
 - ROA, ROI & ROE
 - IRR, PVI, Payout, Cash-On-Cash Analysis
 - DCF Analysis
 - Multiple Analysis and Peer Group Comparison
 - Full Cycle ROI and Capital Efficiency Measures

- **Public Disclosure Source Documents**
 - What is the role of the SEC?
 - SEC Documents - 10K, 10Q, Proxy, 13-D
 - Inside Information
 - Analyst Certification
 - Analyst Registration
 - Investment Banking Disclosure
 - Rating Systems

- **Ownership, Float and Trading Volume**
 - Shares Outstanding, Treasury Shares, Public Float
 - What does trading volume tell us?

- **Mastery of Presentations**
 - The best look report is super important
 - Some form of desk top publishing?
 - Mastery of graphs, charts, pop outs etc.
 - With proper legends, labels etc.

- **Mastery of the Written Word**
 - All presentations and financial ideas are conveyed information by the written word
 - Reports and presentations must be concise, have impact and proper English
 - A very good proof reader is required
 - No easy mistakes in text or tables allowed

- **Selling the Idea**
 - 10,000 foot pitch
 - Value play, fallen angel play
 - Revaluation play, sector rotation play
 - Restructuring play
 - Overvalued play – short stock or avoid stock
 - Good company – overvalued – wait for better entry point