

FINA 7A97-05 (Class Section 27253) – Stock Analysis in Investment Banking

Spring 2025 (1.5 Units) (March 7, 2025 – May 8, 2025)

Adjunct Professor
Van Levy
Phone: 713-408-9457
Office Hours: By appointment
Email: vanlevy@hmepllc.com

COURSE OBJECTIVE

The Stock Analysis in Investment Banking (“SAIB”) course is designed to integrate fundamental finance and financial accounting theory previously learned in in your declared major (MBA, Master of Finance etc.) SAIB will focus on publicly traded companies since a plethora of data is available in SEC filings and Company Websites.

The purpose of this course is to teach students how apply the knowledge they have mastered and how working Wall Street and Buyside and Sellside professionals analyze and value publicly traded companies. In addition, the fundamentals and practical aspects of this course can be applied to private companies, entrepreneurial start-up companies and even purchasing a business or house.

Learning is fun and creative, and this course is designed for students to have fun. Students will be taught to “critically think,” not just to “mimic.” Real publicly trading companies will be analyzed. Students will be taught how to analyze, synthesize, and articulate investment ideas through the primary class teaching tool - a well-constructed and comprehensive research report. Research reports are an important core tool which through thoughtful construction, corporate finance and accounting principles are applied and reinforced.

At this juncture, students have already completed core business courses and have been taught a deep body of important theoretical business concepts. The SAIB “Capstone Class” practically integrates important fundamental and theoretical knowledge that students have acquired in other core financial courses. Course work from financial accounting, corporate finance, entrepreneurship and other fundamental business courses will be reviewed, discussed and practically applied.

The “Differentiating Factor” of this course is the “Real-World” approach to corporate valuation taught by a “Wall Street Ranked” veteran research analyst, investment banker and entrepreneur. The course objective is to “Convey Knowledge” and establish the practical application of “Core Financial Concepts.”

Students that complete this course will be well prepared to interview and work at many institutions including operating companies, investment banks, commercial banks, other financial institutions and in-house at a company. Additionally, students will be prepared to analyze personal stock investments or stock index fund investments and have a framework to build personal wealth through systematic investment.

COURSE CONCEPTS COVERED

- **Intellectual Acquisition**
 - Gain knowledge & understanding of Company valuation tools
 - Acquire the framework to analyze any public or private company in any industry
 - Understand how to use trading information to shape Company valuations
 - Apply basic finance & financial accounting principles
- **Quick Analysis of Publicly Traded Companies**
 - Each class quickly rips apart and analyzes a public company
 - Determine if the company's "sell presentation" matches actual financial results
 - Quickly understand valuation drivers
 - Analyze the Company's stock trading chart
- **Prepare & Write Effective Research Reports for Publicly Traded Companies**
 - Structure of all essential components of an effective & comprehensive research report.
 - Why are research reports needed?
 - Who consumes the research product?
 - How does a research analyst interact with all interest parties?
- **Analyze Publicly Traded Companies.**
 - Basic fundamental analytical methodology
 - Effective historical analysis
 - Modelling & Projections - Effective spreadsheet modelling and monitoring process.
 - Company guidance to shape model & projections
 - Quarterly conference calls
 - Analyst day at company provides data
 - Industry and Sell Side meetings provides data
 - Travelling with Company provides data
 -
- **Capstone Course - Integrates Into Practical Use Existing & Fundamental MBA Course Studies**
 - *Financial Accounting*
 - How do the Balance Sheet, Income Statement & Changes in Cash Position speak with each other
 - Consumption of Assets through Depreciation, Depletion & Amortization (DD&A)
 - Net Earnings versus Cash Flow
 - *Corporate Finance*
 - Theory and practical use
 - What is an interest rate, interest rate components & how are they used in valuations?
 - How does all this apply to stock buy/accumulate/sell/hold recommendations?
 - **Investment Banking – How the Departments Works Together?**
 - Sales
 - Trading
 - Syndicate
 - Capital Markets

- **Introduction To Public Capital Markets ('PM') And PM Participants**

- Buyside Institutions
- Sell-Side Institutions
- Industry Structure
- Role of Private Equity & Private Debt
- Role and interface with the issuing Company

- **Valuation of Public Companies**

- The Auction Process & Price Discovery
- Total Enterprise Value - TEV
- Liquidation Value
- Franchise Value or Ongoing Concern Value
- Comparable Company Analysis
- Net Asset Value
- Liquidity Analysis
- IPO, Secondaries or "Used Stock"

- **Developing Modelling Competency in Excel**

- **Corporate Modelling In Excel**

- History & Forecasting
- Sources & Uses of Cash Flow
- The Balance Sheet
- Sensitivity Analysis
- Principal Drivers & Stock Chart Analysis
- Margin Analysis - Common Size Statement
 - Common Statement Analysis - % of revenues
 - Unit Analysis - per unit boe analysis
- Company Guidance

- **Valuation Metrics - Derive & What Do They 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
- Company Presentations
- 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-looking report & presentation is important
 - Mastery of graphs, charts, pop outs etc.
 - With proper legends, labels etc.
 - The report should answer all the standard questions
- **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**
 - The 10,000 foot pitch
 - Value play, growth story, 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
 - Buyout target
 - MBO or LBO
 - Competitor acquisition
- **Presentation Skills**
 - Present to class audience
 - Present to an active PM
 - Present to teacher
 - Present in a stock competition
- **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
 - Research job as effective training for working in-house at a company
 - Making personal investments

CLASS ATTENDANCE PARTICIPATION

- Attendance in class is Very Important & required
- I prefer in class attendance but the class is offered in ZOOM
- If I travel for work, a ZOOM class may be required
- Class participation & interaction with the teacher & other students is important
- We work in groups to solve all issues – valuation & presentation
- Read the research reports that I send you
- Study the company presentations
- Read the SEC documents

BOOKS

Class Power Point Book

- Professor Levy teaches from a power point presentation that is made available free

Below Are Interesting Books & Podcasts – This is Reference Only

Reference Financial Books

- **The Basic Theory of Corporate Finance – Boudreaux & Long**
- **Introduction to Financial Accounting – Hooper & Page**
- **From Prospect to Pipeline**
- **Stocks Under Rocks- Peter Ricchiuti**

Interesting Books

- **How Innovation Works – Matt Ridley**
- **The Beginning of Infinity – David Deutsch**
- **The Denial of Death – Ernest Becker**
- **The Psychology of Totalitarianism – Mattias Desmet**
- **Sapiens – Yuval Noah Harari**

Interesting Podcasts

- **Jordon B. Peterson – # 330 -The Natural Order of Money – Roy Sebag (*required listening*)**
- **Naval – Naval Ravikant**
- **Lifespan – David Sinclair**
- **Uncommon Knowledge – Peter Robinson**
- **Any Thomas Sowell**
- **Philosophize This – Stephen West**
- **Honestly – Bari Weiss**
- **Under the Skin – Russell Brand – Dr Gabor Mate (addiction specialist)**
- **Sodajerker on Songwriting**

COURSE MATERIALS

FINA 7397 – STOCK ANALYSIS IN INVESTMENT BANKING

The **Levy PowerPoint Presentations** are free and highly tailored for the current class instruction. I will send links to specified material and reference books that will be helpful.

Company Websites and SEC filings are available for all companies analyzed and have a plethora of information.

If the class is small, I will utilize direct email or utilize Canvas if the class is large. In any case, I will have a Dropbox for the class.

GRADING

Class Attendance and *Class Participation* are very important and are 40% of your grade.

Class Quiz's are 10% of your grade and are designed to determine that you have acquired key concepts.

Drive-By Analysis ("DBA") & Presentations are 20% of your grade and are a basic teaching tool for company analysis. You can pick any public company or I can assign you one. You can work as an individual or in a group of up to three. I have templates for you to follow. The DBA process is designed for you to have a basic analysis of any company in as little as three hours. The DBA also reinforces the understanding and use of the Big 3 financial statements.

The *Class Research Report ("CRR")* is a comprehensive collaborative class effort. The CRR will be subdivided into discrete analytical sections with each student or student sub-groups working on and mastering separate sections of the report. For efficiency, I will quarterback the report. However, every student will be required to carry his/her weight. Once finalized, each student will present his/her section to the class. Typically, the natural leaders of the class emerge during the CRR process. I will send you past class research reports. They are comprehensive by design – don't be afraid.

Available Help – I am available most of the time to help you with your studies DBA or CRR.

Category	Grade Weighting
Class Attendance & Participation	40%
Class Quizzes	10%
Drive- By Analysis & Presentation	20%
Class Research Report & Presentation	30%
Total	100%