

Lab Exercise on Term Paper

Due #1 (progress report 1): Monday, Nov. 6th

Due #2 (progress report 2): Monday, Nov. 20th

Due #3 (final report): Monday, Dec. 4th

IMPORTANT: You should turn in **ONLY ONE ANSWERS(REPORT)** **each group of two members**. The term report should be written with the font size 12 points, double-spaced, 1 inch margin each side at least, no more than 5 pages include everything (charts, tables, etc.) without cover page. If your paper is not fitted to this criteria, you will receive **ZERO** credit.

You are applying for a position as a financial analyst. Interviewing for a job can be stressful, but being prepared for the experience can go a long way toward making you feel confident and on top of your game. That means being ready to answer common interview questions and those that are likely to come up specifically for a financial analyst role.

Financial analysts **evaluate their company's and other organizations' past and present financial data** and might **give guidance to people and companies as they make decisions about stocks, bonds, and other kinds of investments**. Typical job responsibilities might include **assessing financial data, preparing written reports and giving presentations, studying business trends, appraising a business's financial statements, and potentially meeting with company management** to determine how the firm is doing and to evaluate their leadership team. A financial analyst might work at a bank, an insurance company, a pension fund, or another type of business in any industry.

Although the questions in finance analyst interviews may vary, these questions are a representative sample of the kinds of questions you might get:

1. Give Me an Example of an Analysis Gone Wrong. What Could You Have Done Differently to Avoid the Problem, and What Did You Learn?
2. What Processes Do You Use to Create Financial Analysis Reports?
3. If You Could Only Pick One Financial Statement to Make a Decision on a Company, What Would You Pick?
4. What Do You Think Is the Single Best Evaluation Metric for Analyzing a Company's Stock?

5. Which Profitability Model Would You Use to Determine if a Project Will Be Profitable?
 6. What is EBITDA? How Are the Income Statement, Balance Sheet, and Cash Flow Statement related to the Expected Returns from Investment?
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For Problem-based learning period between midterm and final exams, you are supposed to **choose one of these questions and prepare for your answers**. There will be TWO progress reports BEFORE submitting your final analysis. **All reports, codes, and data you used should be uploaded on GitHub page (in which guidelines will be provided later). The reports should be uploaded on Ajou BB.**

[REPORT #1. DUE: Nov. 6th]: To begin work on your research project, you and your group member should choose ONE AND ONLY ONE question. Please explain your motivation to choose one of these questions.

[REPORT #2. DUE: Nov. 20th]: As a second step of collecting relevant data to complete your answers, you may refer to the following guidelines.

I. Select ONE company/analyst report that you are interested in.

II. The main objective of this project is to **evaluate the stock price/investment plan/analyst's report of the company** by using analyzing tools we have learned over the semester. (The analysis should include both “**technical analysis**” and “**fundamental analysis**”

III. Following statistics are suggested to guide you to answers of the selected question.

1. Beginning with one company or project (in case of choosing #5) you or your analyst(in case of choosing #1) are interested in, look up the related market news (macroeconomic news, industry news, company's news, etc). If you feel like you are finding either too few or too many papers, please see me)
2. Based on what you find in the market news, carefully summarize key statistics which look useful in forecasting the value of your company/project/analyst's report.
 - In a technical analysis, you may include:
 - Stock price history
 - Share statistics
 - Dividends Payout history (If available)

- Volatility history
 - In a fundamental analysis, you may include:
 - Market Capitalization
 - Enterprise Value
 - Profitability
 - Income Statement
 - Balance Sheet
 - Cash Flow
3. After you collect the necessary information, you may be able to evaluate your company in your way so that you can suggest your forecast on the stock price of the company. In this section, you should rationalize your suggestion based on the data and the market news. The evaluation may include the regression analysis based on Constant Expected Return Model, Single Index Model, and others.