



<b>Course</b>	<b>FINC 412BB 01 May Term 2016</b> <b>Exploring the Dow Industrials and S&amp;P 100</b> <b>2 Credit Hours TTH 9:00 am – 12:00 pm</b> <b>Gore 133</b>
<b>Professor</b>	Richard Haskell, PhD Gore 211 Office Hours: MW 9:00 – 11:00 am 801-209-3546 <a href="mailto:rhaskell@westminstercollege.edu">rhaskell@westminstercollege.edu</a>
<b>Text/Materials</b>	There is no required text for this course, however Koller, Goedhart & Wessels, Valuation: Measuring and Managing the Value of Companies- 5 <sup>th</sup> Edition (John Wiley & Sons, Inc) is recommended and used as a substantial resource. An HP 10bII financial calculator is required for this course.
<b>Introduction</b>	<p>Valuation models based on various forms of the discounted present value of a firm's future cash flows are commonly used by analysts and investors seeking to determine a theoretical or target valuation for investment participation in firms. These models range from relatively simple present value of discounted cash flow models to complex and sophisticated economic profit and adjusted cash flow models introducing estimated changes in a firm's value based on opportunity costs and changes in the firm's capital structure. These models all share at least one common theme: the value of a firm, or any asset, is a function of the firm's future cash flows and their interaction with the firm's expected growth rate (<math>g</math>), return on invested capital (ROIC), and cost of capital (WACC), more generally thought of as a discount rate (<math>r</math>).</p> <p>This course will examine the value of firms in the Dow Industrials and S &amp; P 100 through a research study based on the application of various valuation metrics. By doing so we'll understand how analyst expectations, market conditions, firm performance, and investor and firm expectations each drive changes in a firm's value.</p>
<b>Study Design and Structure</b>	<p>This research study will explore the value of firms in the DOW Industrials and S&amp;P 100 by assigning values to each firm based on each of five discounted present value models: income augmented dividend growth or discounted dividend model, key value driver model, free cash flow model, adjusted present value model, and economic profit model. The cash flows used in these models, net operating profit less adjusted taxes (NOPLAT), free cash flow (FCF), tax shield (TS) and economic profit (<math>E\pi</math>), each share common inputs, but each measure somewhat different change effects for their respective firms. Each model employs forms of firm growth rate, return on invested capital, and cost of capital or discount rate values, but also bring in other measurable variables from the firm's income statement and balance sheet.</p> <p>The study will seek to isolate the firm's core operating assets, explore expected rates of</p>

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growth for the subject firm's revenues and expenses, and estimate future returns and costs of capital in an effort to assign value to the firm.

The analysis will compare estimated values with actual market values at various points in time, estimate hypothetical discount rate values reflected in market values, and perform multi-linear regression analyses to estimate which model forms most consistently assign values aligned with adjusted market values. Through the study we'll develop an hypotheses with respect to thee motivating principles behind observed differences. Study details (firms, models, metrics and values), hypotheses and theories will be available to investors, academics, and others through critically developed academic articles and a series of Wikipedia pages devoted to the subject and process through which the analysis was performed.

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**Outcomes and Expectations**

This course is more of a collaborative research project than a traditional college course with lectures, homework, exams, and term papers. Class members will be assigned to work teams based on their respective areas of knowledge and expertise. Though all students will be required to understand the basic model structures and the mathematics underlying them, students will be encouraged to work to their strengths, explore possible areas for growth and development, and emerge from the course with an enhanced understanding of how firms and markets value assets, specifically those firms and assets that make up the DOW Industrials and S&P 100.

Students in this course will be credited with co-authorship or attribution for any published articles and working papers directly resulting from this course and will be referenced as contributors to the developed and submitted Wikipedia and other web pages.

Course grades will be assigned based on a 360<sup>o</sup> Evaluation process in which the student, peers, team leader and instructor will all have input. As such course grades are largely a function of participation, collaboration, and effort. Depending on each student's specific responsibilities in this course, students will be exposed to modeling and estimation software (Excel, Stata), web page design (Wikipedia, Word Press), market data tools (Bloomberg, FactSet), and media development programs and tools (PowerPoint, Ink2go, Camtasia, YouTube).

***Students are expected to attend the entirety of each class/work session beginning with the first session on May 10, 2016 and ending with the last session on June 2, 2016. Missed sessions without express documented permission from the course instructor will result in lower course grades.***

Each student will be expected to spend no less than twelve (12) hours on this course/project for each of the four weeks of the May term, including the six (6) classroom hours each week. The course will be held in the Bill and Vieve Gore School of Business and students will spend time in an assigned classroom (TBD) and the Center for Financial Analysis (CFA).

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**Grading Scale**

Grades will be determined in accordance with Westminster College grading policies. The cutoff percentages for grading purposes are as follows:

A = 94; A- = 90; B+ = 87; B = 83 ; B- = 80; C+ = 77;  
C = 73; C- = 70, D+ = 67; D=63; D- = 60; F <60

Written feedback will be provided on all assignments, and more detailed feedback will be provided at any time upon request. If you believe you have received an incorrect grade on any assignment for this class, please bring it to my attention immediately. You are responsible to check Canvas to make sure your scores have been properly posted.

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**Expectations****You can expect me to:**

- Treat students and others with respect, expect that as adults we are each responsible for our decisions and actions, and ask 'why' as often as possible.
- Grade and provide feedback on assignments within one week of the date they are submitted.
- Return email messages and phone calls within 24 hours.
- Use Canvas to enhance student learning, communication, and convenience.
- Follow the syllabus and hold each class session as scheduled. In the event of an unsolvable conflict or emergency, I will make every effort to arrange for a qualified substitute to teach the class.
- Be readily available to meet with students, either during regularly-scheduled office hours or at another mutually agreed upon time.
- Complete final grades and provide students with feedback on final grades within two weeks of the date the last course assignment is submitted.

**I expect you to:**

- Actively use Canvas and communicate via Canvas email regularly.
- Complete reading and homework assignments, take all quizzes and exams, and participate in class discussions.
- Attend each class session. In the event that you must miss a class, please notify me in advance and assume responsibility for the material you missed.
- Read the course syllabus, ensure you have a clear understanding of the course requirements and evaluation methods used in the course, and fulfill the course requirements.
- Come to class prepared and participate fully, honestly, and professionally in class discussions and online class activities.
- Learn about and abide by Westminster College's academic honesty policy. Specifically, I expect you to not engage in cheating, plagiarism and furnishing false or misleading information to any faculty or staff member. The policy is explained in detail here: <http://www.westminstercollege.edu/catalog/details.cfm?id=5753#Honesty>
- Immediately notify me in the event of an emergency that prevents you from submitting an assignment or completing the course.

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- Ask questions if any expectations or assignments are unclear.
  - Be courteous of others when using technology. Always give speakers your full attention and make sure that any use of technology during class enhances your learning and does not distract you or others from course content.
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<b>Syllabus changes</b>	This syllabus is subject to change. Potential changes will be discussed in class and may be posted in Canvas.
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<b>About the instructor</b>	<p><b>Academic Experience</b></p> <ul style="list-style-type: none"> <li>• BS in Family Financial Planning &amp; Counseling from Brigham Young University 1995</li> <li>• MS in Economics from the University of Utah 2011</li> <li>• PhD in Economics from the University of Utah 2015</li> </ul> <p><b>Professional Experience</b></p> <ul style="list-style-type: none"> <li>• Westminster College - Gore School of Business; 2015 to present - Assistant Professor</li> <li>• Westminster College - Gore School of Business; 2012 to 2015 – Adjunct Instructor</li> <li>• University of Utah – Department of Economics; 2010 to present - Instructor</li> <li>• Retired CEO of Signature Management; former President and CEO of Family Media Group/National Media Management, Executive Vice President of Feature Films for Families, Vice President at Dean Witter Reynolds</li> </ul>
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<b>College Information</b>	<p>Westminster College is committed to providing a working and learning atmosphere that reasonably accommodates qualified persons with disabilities. If you have any disability that may impact access to this course, please contact the Disability Services (DS), specifically Ginny DeWitt, Disability Services Coordinator located in the START Center (801-832-2280). Reasonable academic accommodations are reviewed for all students who have qualified, documented disabilities. Services are coordinated with the student and instructor by the DS Coordinator. Westminster College provides reasonable access to courses but this does not necessarily equate to ensuring your success in any course. If you need assistance or if you feel you have been unlawfully discriminated against on the basis of disability, you may seek resolution through established grievance policy and procedures by contacting the ADA Coordinator (new contact information coming soon) and/or the Office of the General Counsel at 801-832-2565.</p>
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Title IX of the Education Amendments of 1972 prohibits sex discrimination against any participant in an educational program or activity that receives federal funds. The act is intended to eliminate sex discrimination and harassment in education. Title IX covers discrimination and harassment based on sex in programs, admissions, and activities. Westminster College's Discrimination, Harassment, and Sexual Misconduct Policy strictly prohibits gender-based discrimination and harassment, sexual harassment, sexual misconduct, sexual assault, rape, stalking, dating violence, domestic violence, sexual exploitation, and any other form of sexual or interpersonal violence. The Policy extends not only to students of the college but also to employees. The Policy is available at [www.westminstercollege.edu/pdf/titleix/Sexual-Misconduct-Policy.pdf](http://www.westminstercollege.edu/pdf/titleix/Sexual-Misconduct-Policy.pdf) and discusses your rights, the process for investigating complaints, and sanctions for violations of the Policy. The Policy strictly prohibits retaliation against anyone who reports or participates in an investigation regarding alleged or suspected violations of the Policy. Westminster's Title IX Coordinator is Jason Schwartz-Johnson. Jason can be reached at 801-832-2262,

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jsj@westminstercollege.edu, or in Malouf 107. The Policy has additional support services and resources as well. Please note that to the extent permitted by law, the College aims to protect the privacy all parties involved in the investigation and resolution of alleged or suspected violations of the Policy. However, the College has a duty to investigate and take remedial measures in response to complaints and cannot guarantee confidentiality. As an instructor I am also required by our school to report incidents of gender-based discrimination or harassment, sexual harassment, sexual misconduct, or other forms of sexual or interpersonal violence to the Title IX Coordinator and thus cannot guarantee confidentiality.

Title VI of the Civil Rights Act of 1964 prohibits discrimination based on race, color or national origin in any program or activity receiving federal financial assistance. The Department of Education has interpreted Title VI as prohibiting racial harassment, and such harassment is prohibited in all facets of campus life at Westminster College. If you encounter this type of discrimination/harassment, you can contact the Office of the General Counsel at 801-832-2565.

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