

Group Project

Financial Analysis of a Company

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Paper Due: June 12, 11pm

Overview

Financial Analysis of a publicly traded company focusing on

- Financial Ratios
- Bonds that are issued by the company
- Stock evaluation
- Portfolio Analysis

Submission Guidelines

You are expected to work on this project with your fellow classmates.

1. The person whose last name begins with a letter closest to “A” should submit the project. Do not submit your project multiple times.
2. Your project must be submitted in PDF format!
3. Your project should be 3 to 4 pages, including tables/graphs, excluding the references at the end. Use font Times New Roman, size 12, single space. Data used should be submitted as a separate file.

Evaluation Criteria

Your project will be graded on

- 20 points – Clarity of ideas
- 70 points – Usage of class material and its application
- 10 points – Organization and presentation

Data Source

- NASDAQ, NYSE
- Google Finance, Markets Insider, sec.gov edgar database
- Company’s own website (most companies have their financial statements provided online under “investors” link)

The choice of companies is up to you.

Find something that would help you with your career goals.

Plagiarism Policy

Your project should contain financial analysis explained in your own words. If you would like to use sentences written by others, put them in quotation marks. Never use other people’s work without providing an explicit citation in your references. Even if you rephrase/paraphrase the ideas that are put forward by somebody else, you need to acknowledge the originator, by putting the source within parenthesis or in a footnote and by providing the exact source in “References” that needs to be given at the last page of your report. You can use APA standard for your references. *If any part of your work is directly copied from another source, all the members of the group will get zero points.*

Project Guidelines

Introduction

Have a general overview of the company, when was it established, when did it IPO, who are the main competitors, how much market share does it hold, what are the competitive advantages, strengths and weaknesses compared to its competitors operating in the same industry or compared to other industries?

Ratio Analysis

Pick some of the most commonly followed financial ratios from short term liquidity, long term liquidity, asset management, profitability categories. Provide data so as to be able to comment on how these ratios were changing over time. Are there any trends that you can tie to the general evaluation of company's strengths and weaknesses? If it helps you to provide a context, you can also add the major competitor(s)' financial ratios.

Company's Bonds

How many different types of bonds does the company have trading currently in the market? Are they short term or long term bonds? Pick a short term and a long term bond that the company issued (if any) and include information on their yield. How has the yield been changing over time? Can you find similar information on the competition? How can you interpret the change over time and differences across company and competitor bond yields? Information on bonds is not as easily retrievable as information on stocks. Do not spend more than an hour on the search. If you cannot get to company's bond information, then please include your general economic evaluation by providing information on yield curve changes in recent weeks.

Company's Stock

Get the MONTHLY stock price of the company from one of the financial sources under "historic prices" for at least 4 years!!!

**While collecting data, make sure you are not working with wrong/inconsistent data. Major things to pay attention to:*

- 1. All prices should correspond to the same time of the day: Close price or open price.*
- 2. If dividends were distributed during data collection period, do not forget to add them in calculating the stock return.*
- 3. If there were splits, adjust your data.*

**Yahoo Finance already adjusts the data for splits and dividends.*

After collecting the stock price data for at least 4 years, calculate the returns for each month. Calculate the average. Calculate the volatility (standard deviation). Is the stock more or less volatile compared to the market? (If the stock is trading under NYSE, then you can take the average of NYSE as the market, similarly for NASDAQ. You do not have to calculate the market averages, you can directly use the already calculated market index values from various sources)

Portfolio Analysis

Perform portfolio analysis. Would you invest on this company's stock? Why/why not? If you would like to form a portfolio, what kind of other assets (another stock? A bond? A Treasury Bill? etc.) would you include in your portfolio?

Using the data you collected, find the "efficient frontier" for your portfolio. Graph it. What is the risk level of the MVP of the assets you chose?

Assembling it all

All members of your group must contribute to this project. If a group member is identified as not responding or not fulfilling the assigned duties, we will ask each member to evaluate the rest of the team anonymously. Therefore, different group members may get different scores!!! *As always, please email me to clarify/discuss any part of the project.*