

Fundamental Equity Research

Course Objective

- Students will receive pedagogical instruction and hands-on training as it relates to fundamental equity research. The course covers the development of an investment thesis, the identification/quantification of key risks for a given investment, financial modelling, and pitching an idea. After successfully completing this class, students should feel comfortable with independently analyzing equities and persuasively presenting their analysis to sell-side or buy-side analysts.

Pre-Requisites

- A basic understanding of accounting is required.

Agenda

- **Class 1:** Class Logistics and Industry Overview: Sell-side / Buy-side and State of the Industry
- **Class 2:** Sector Overviews: FIG, HC, TMT, Industrials, Consumer, Real Estate
- **Class 3:** Regulation and Ethics Applicable to Equity Research
- **Class 4:** Introduction to Equity Valuation Techniques, Trading vs Investing, and Cost of Capital
- **Class 5:** Industry and company analysis
- **Class 6:** Financial Modeling: Income Statement
- **Class 7:** Financial Modeling: Balance Sheet / Cash Flow Statement
- **Class 8:** Midterm
- **Class 9:** Valuation Methodologies: Relative Valuation
- **Class 10:** Valuation Methodologies: Intrinsic Valuation
- **Class 11:** Mid-point presentations and project check-in
- **Class 12:** Quantifying and Qualifying Risk
- **Class 13:** Future of the Industry: Passive Investing, Quant Strategies, Quantamental, ESG
- **Class 14:** Final Exam
- **Class 15:** Final Presentation

Reading

- There is no required textbook for this class, but there will be assigned readings from online sources as well as sample equity research.

Attendance

- Attendance and participation are required for student success. Students will be allowed a maximum of 2 absences during the semester. Each subsequent absence, barring exceptional circumstances, will result in a reduction to the final attendance/participation grade.

Grading

- Attendance and Participation 20%
- Midterm 20%
- Final 20%
- Final Presentation 40%

Assignments

- **Homework:** Homework will be regularly provided to help reinforce topics covered during the class, but do not count towards the final grade.
- **Midterm / Final:** There will be a midterm and final which will cover topics covered in the class. The final will be cumulative (i.e. will include topics covered before and after the midterm).
- **Final Presentation:** Students are required to pick a US listed stock by the end of the second week of class. They will perform fundamental analysis of the company, build a financial model, write an initiation report, and present their findings.
 - The stock picked must have a market cap of at least \$500 million as of the date of the deadline.
 - The initiation report will be limited to 10 pages, with approximately 5 pages of text and 5 pages of charts

- Students will present their paper to a panel of current equity research analysts at the end of the semester. Students will have 5 minutes to present and will have 10 minutes of Q&A with the panel.
- Grading will be based on commentary received from the panel.