B.E. International Program

Faculty of Economics, Thammasat University

Course Outline
FN 451 Equity Analysis
Semester 2/2013 (January 13 – May 3, 2014)

Number of credits 2 credits

Lecture Time Mondays 2.00-5.00 pm

Lecture Venue 203, 2nd floor, Faculty of Economics,

Thammasat University,Tha Prachan campus

Instructor Ajarn Sirinattha Techasiriwan
Pantisa Pavabutr Ph.D.

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Course Description

The focus of this class is on the valuation of equities and the role of analysts as investment advisors. Course topics covers a broad spectrum of analytical tools that equity analysts require to carry out their jobs-- starting with economic and market analysis, sector and stock analysis, and investment management. Discussions will include the dynamism of capital markets, and interaction between equity analysts with mutual fund managers, investment bankers, and retail clients. The class also familiarizes students with computational tools in equity analysis and asset management.

Prerequisites: *FN 312*

Objectives

1. Acquaint students with the analytical tools that are necessary to become future equity analysts or investment advisors.
2. Develop understanding of the relationship between investment environment, market valuation, and intrinsic valuation.
3. Familiarize students with tools for evaluating stock prices.
4. Provide updates on current thinking and practice of securities investment and valuation.
5. Familiarize students with quantitative and computing tools for equity analysis and asset management.

Assessment requirements as follows:

A) Group Assignments Problem solving	30%
B) Mid-term Examination	35%
C) Final Exam	35%

Texts

R1. (Main) Jerald E. Pinto, CFA, Elaine Henry, CFA, Thomas R. Robinson, CFA, and John D. Stowe, CFA

Equity Asset Valuation, Second Edition CFA Institute Investment Books (January 2010)

R2. (Supplement) Edwin Elton, and Martin Gruber, Modern Portfolio Theory and Investment Analysis, Wiley and Sons.

Other references

Damodaran, A., **Investment valuation,** Wiley, 2002

Daily readings of business newspapers

John L. Maginn, Donald Tuttle, Jerald E. Pinto, and Dennis W. McLeavey, Managing Investment Portfolios: A Dynamic Process CFA Institute Investment Books

Emerging market portfolio fund research, www.epfr.com

The Economist, www.economist.com

Class reports

Investment committee meetings: Groups will be randomly selected at the beginning of each class to provide a 5 minute talk about their investment strategy or market directions in the previous week and evaluate their weekly performance.

Performance report and presentation: Each group will be allowed the opportunity to give a short talk to evaluate their overall strategy and portfolio performance. The performance report must conform to industry standards.

Class schedule

Date	Topic	Text Chaps
Jan 13	Overview of an equity analyst's job Approach of fundamental analysis & assets allocation ***Instructor: Sirinattha Techasiriwan***	Chapter 1 R1
Jan 20	Economic, industry and firm analysis and financial forecast ***Instructor: Sirinattha Techasiriwan***	Class handouts
Jan 27	Basis for assets valuation Dividend discount models ***Instructor: Sirinattha Techasiriwan***	Chapter 2 R1
Feb 3	Discounted cash flow model ***Instructor: Sirinattha Techasiriwan***	Chapter 3 R1
Feb 10	Market multiples ***Instructor: Sirinattha Techasiriwan***	Chapter 4 R1
Feb 17	Workshop 1: Equity research report writing and analyst presentation technique ***Instructor: Sirinattha Techasiriwan***	Class handouts
Feb 24	Banking sector analysis, forecast and valuation ***Instructor: Sirinattha Techasiriwan***	Class handouts
Mar 3	No class: Mid-term week	

Mar 10	Estimating cost of capital in practice ***Instructor: Pantisa Pavabutr***	
Mar 17	Behavioral Finance: Technical analysis and measuring downside risk (Computer lab) ***Instructor: Pantisa Pavabutr***	Handouts
Mar 24	Trading and market microstructure (Computer lab) ***Instructor: Pantisa Pavabutr***	Handouts
Mar 31	Quantitative equity analysis (Part 1): Understanding behavior of stock return ***Instructor: Pantisa Pavabutr***	Handouts
Apr 7	Quantitative equity analysis (Part 2): Factor models and portfolio allocation (lab) ***Instructor: Pantisa Pavabutr***	Handouts
Apr 14	No class Songkran break	
Apr 21	Portfolio performance measurement (Computer lab) ***Instructor: Pantisa Pavabutr***	Handouts
Apr 28	Equity derivatives and portfolio risk management Presentations ***Instructor: Pantisa Pavabutr***	Handouts

Important Dates

Class Begins	January 13, 2014
Adding and Dropping Course	January 13-27, 2014
Midterm Exam Period	March 3-8, 2014 (No Lectures)
Midterm Exam	**March 3, 2014; 2.00 – 3.30 PM**
Course Withdrawal with “W”	March 19-24, 2014
Class Ends	May 3, 2014
Final Exam	**May 14, 2014; 09.00 AM - noon**