

**COURSE OUTLINES: BF3203/BF3217 Equity Securities/ Equity Valuation**

<b>Academic Year</b>	2022/2023	<b>Semester</b>	2
<b>Course Coordinator</b>	Hong RU		
<b>Course Code</b>	BF3203/BF3217		
<b>Course Title</b>	Equity Securities/ Equity Valuation		
<b>Pre-requisites</b>	AB1201 and BF2201		
<b>No of AUs</b>	BF3203 (3AU), BF3217 (4AU)		
<b>Contact Hours</b>	39		
<b>Proposal Date</b>	Nov 4, 2022		
<b>A) Course Aims/Description</b>			
<p>The objective of this course is to provide students with a comprehensive coverage of the principles and techniques in equity securities analysis, especially in asset valuation. Valuation is at the heart of every investment decision, whether that decision is to buy, sell, or hold. Due to the globalization process and ever-changing dynamics of the modern financial markets, the pricing of any financial asset has become a more complex task. This course will guide students through the theory and application of valuation models and highlights the strengths and weaknesses of each model. The course will cover the valuation models for conventional firms and unconventional firms (e.g., distressed firms).</p>			
<b>B) Intended Learning Outcomes (ILO)/Objectives</b>			
<p>Students should be able to acquire comprehensive coverage of the principles and techniques in equity securities analysis, especially asset valuation.</p> <p>Students should know how to implement these models to solve problems in real financial market. In particular, students should be able to understand the strengths and weaknesses of each valuation model and able to choose the valuation method for conventional valued assets and unconventional assets (e.g., distressed firms).</p> <p>Students are required to work together with other team members to value a real-world company. Students should be able to pitch their analysis results to general audience. In particular, students need to state clearly about the valuation method, data process, and the results in both written reports and oral presentations.</p>			
<b>C) Course Content</b>			
Discounted Cash Flow Model, Relative Valuation			

**D) Assessment (includes both continuous and summative assessment)**

Component	ILO Tested	NBS Learning Goal (Refer to Appendix 1 for list)	Weightage	# Team/Individual	Assessment Rubrics (attach rubrics in appendix)
1. <i>Final Examination</i>	ILO1, ILO2	Critical Thinking, Acquisition of knowledge	50%	<i>Individual</i>	N.A
2. In-class quiz	ILO1, ILO2	Critical Thinking, Acquisition of knowledge	10%	Individual	Critical thinking Rubric
3. Group Assignment	ILO1, ILO2, ILO3	Critical Thinking, Acquisition of knowledge, Teamwork and Interpersonal Skills	30% - 10% is for individual performance (5% from peer evaluation and 5% from presentations). The other 20% is based on the team performance.	Team	Critical thinking Rubric  Teamwork and Interpersonal Skills - Peer Evaluation Assessment Rubric
4. Class Participation	ILO1, ILO2	Oral Communication	10%	Individual	Class Participation Rubric
Total			100%		

**E) Formative feedback**

You will receive feedback about your quizzes and homework. You will also receive summative group feedback on the exam following the conclusion of the module.

**F) Learning and Teaching approach**

<b>Approach</b>	<b>How does this approach support you in achieving the learning outcomes?</b>
Seminars	The interactive seminar session where there is ample opportunities for open discussion on the conceptual questions raised in the class allows you to think critical and share their ideas and concept with the class. This also allows me to get the concepts clearly through the entire class by involving you and ensure that the targeted learning outcomes are being achieved
Individual assignment(s)	The assignments require you to generate, analyze and deliver humorous materials in a guided manner.
In-Class activities	Some learning outcomes for this course are skills which are practical in nature and cannot be achieved by reading and writing. The achievement of such learning outcomes requires hands-on experience, in-class activities provide such opportunities.

**G) Reading and References**

Aswath Damodaran, Investment Valuation: Tools and Techniques for Determining the Value of Any Asset, 3<sup>rd</sup> Edition.

**H) Course Policies and Student Responsibilities****(1) General**

You are expected to complete all assigned pre-class readings and activities, attend all seminar classes punctually and take all scheduled assignments and tests by due dates. You are expected to take responsibility to follow up with course notes, assignments and course related announcements for seminar sessions they have missed. You are expected to participate in all seminar discussions and activities.

**(2) Absenteeism**

Absence from class without a valid reason will affect your overall course grade. Valid reasons include falling sick supported by a medical certificate and participation in NTU's approved activities supported by an excuse letter from the relevant bodies.

If you miss a lecture, you must inform the course instructor via email prior to the start of the class.

**I) Academic Integrity**

Students in this course, as with all NTU courses, are required to adhere to the the principles of academic integrity and the NTU Honor Code, a set of values shared by the whole university community. As a student, you need to actively equip yourself with strategies to avoid all forms of academic dishonesty, including plagiarism, academic fraud, collusion and cheating. If you are uncertain of the definitions of any of these terms, you should go to the following website for more information: <https://www.ntu.edu.sg/ai/Pages/academic-integrity-policy.aspx>

**J) Course Instructors**

Instructor	Office Location	Phone	Email	Consultation Hours
Hong Ru	S3-B1A-07	6790-4661	ruhong@ntu.edu.sg	By appointment

**K) Planned Weekly Schedule**

Week	Topic	ILO	Readings / Activities
1	Introduction to Valuation; Approaches to Valuation	ILO01, ILO02	C1, C2
2	Discounted Cash Flow Model	ILO01, ILO02	C2
3	Estimating Discount Rates	ILO01, ILO02	C4, C7, C8
4	Dividend Discount Models; Free Cash flow to Equity Models	ILO01, ILO02	C13, C14
5	Valuation in Emerging Markets	ILO01, ILO02	
6	Firm valuation: Cost of Capital and APV methods; Estimating Earnings and Cash Flows	ILO01, ILO02	C9, C10, C15
7	Estimating Growth and Terminal Value	ILO01, ILO02	C11, C12
8	Recess Week		
9	Fundamental Principles of Relative Valuation, Earnings Multiples	C17, C18	Fundamental Principles of Relative Valuation, Earnings Multiples
10	Earnings Multiples and Revenue Multiples	C19, C20	Earnings Multiples and Revenue Multiples
11	<b>e-Learning:</b> Valuing equity in distressed firms	C30, C22, C5	<b>e-Learning:</b> Valuing equity in distressed firms
12	Market Efficiency	C6	Market Efficiency
13	Summary of Valuation Method	C34	Summary of Valuation Method
14	Group Assignment Presentations		

**Annex B****List of NBS Learning Goals**

LEARNING GOAL	LEARNING OBJECTIVE	CHECK
<b>TASK SKILLS</b>		
<b>Acquisition of Knowledge</b>	The ability to understand new concepts, principles, and techniques from the materials covered in class.	<input type="checkbox"/>
<b>Ethical Reasoning</b>	The ability to recognize and understand ethical issues, and apply sound ethical reasoning.	<input type="checkbox"/>
<b>Critical Thinking &amp; Creative Thinking</b>	The ability to define, examine, evaluate, analyze and synthesize various arguments and knowledge to form independent judgment.	<input checked="" type="checkbox"/>
	The ability to provide insight in an innovative way characterized by high degree of adaptiveness.	<input type="checkbox"/>
<b>Problem Solving &amp; Decision Making</b>	The ability to identify problem, generate a plan to solve problem, implement and evaluate the plan and make sound business decision.	<input type="checkbox"/>
<b>Planning &amp; Execution</b>	The ability to set clear priorities and plans of action for the task and define task objectives to fulfill goals within a planned schedule for execution.	<input type="checkbox"/>
<b>PEOPLE SKILLS</b>		
<b>Oral Communication &amp; Written Communication</b>	The ability to communicate well with others verbally so that it clearly expresses the intended message and is understandable and useful to the receiving party.	<input type="checkbox"/>
	The ability to communicate well with others in writing so that it clearly expresses the intended message and is understandable and useful to the receiving party.	<input type="checkbox"/>
<b>Negotiation</b>	The ability to systematically plan and prepare for negotiation and apply negotiation skills in personal and professional practice.	<input type="checkbox"/>
<b>Cultural Intelligence</b>	The ability to function effectively in situations characterized by cultural diversity.	<input type="checkbox"/>
<b>Teamwork &amp; Interpersonal Skills</b>	The ability to work effectively with others in a group setting.	<input type="checkbox"/>
<b>Motivation &amp; Development of Self &amp; Others</b>	The ability to develop a better understanding of one's strengths and weaknesses, and learn to view others and mistakes positively as sources of personal and professional development.	<input type="checkbox"/>

Please write to NBS Accreditation office ([nbsaccro@ntu.edu.sg](mailto:nbsaccro@ntu.edu.sg)) for sample rubrics.

**Critical Thinking Rubric**

**Learning Objective: The ability to define, examine, evaluate, analyze and synthesize various arguments and knowledge to form independent judgment.**

Adapted from: Core Curriculum Learning Goals by Santa Clara University <http://scu.edu/provost/ugst/core2009/corecurriculumoverview.cfm>

Traits	Performance	
Identifies and summarizes the issue at hand.	<b>Not Yet</b> Does not identify and summarize the issue, is confused or represents the issue inaccurately.	<b>Substantially Developed</b> Identifies the main issue and its implicit aspects, addresses their relationships to each other and recognizes nuances of the issue.
	Evaluation: Not Yet <u>1</u> 2 3 4 5 6 7 8 9 10 Substantially Developed	
Identifies and considers other theoretical perspectives that are important to the analysis of the issue	<b>Not Yet</b> Deals only with a single perspective and fails to discuss other possible perspectives, especially those salient to the issue. Fails to identify or hastily dismisses strong, relevant counter-arguments.	<b>Substantially Developed</b> Addresses perspectives noted previously, and additional diverse perspectives drawn from outside information. Identifies the salient arguments (reasons and claims) pro and con.
	Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed	
Identifies and assesses the quality of supporting data/evidence and provides additional data/evidence related to the issue.	<b>Not Yet</b> Merely repeats information provided, taking it as truth, or denies evidence without adequate justification. Confuses associations and correlations with cause and effect.	<b>Substantially Developed</b> <u>Examines the evidence and source of evidence; questions its accuracy, precision, relevance, and completeness. Observes cause and effect and addresses existing or potential consequences.</u>
	Evaluation: Not Yet <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u> <u>6</u> <u>7</u> <u>8</u> <u>9</u> <u>10</u> Substantially Developed	
	<b>Not Yet</b> Does not surface the assumptions of the author and does not examine the contexts, e.g., cultural, and political.	<b>Substantially Developed</b> Identifies and questions the validity of the assumptions and analyzes the issue with a clear sense of scope and context.

Identifies and considers key assumptions and the influence of the context on the issue.	<b>Evaluation: Not Yet</b> <u>1</u> 2 3 4 5 6 7 8 9 <u>10</u> <b>Substantially Developed</b>									
Identifies and assesses conclusions, implications and consequences	<p><b>Not Yet</b> Fails to identify conclusions, implications, and consequences of the issue or the key relationships among the various elements such as context, evidence or assumptions. Regardless of the evidence or reasons, maintains or defends views based on self-interest or preconceptions.</p>	<p><b>Substantially Developed</b> Identifies and discusses conclusions, implications, and consequences, considering context, assumptions, data, and evidence. Objectively reflects upon own assertions. Draws warranted, judicious, non-fallacious conclusions.</p>								
	<b>Evaluation: Not Yet</b> <u>1</u> 2 3 4 5 6 7 8 9 <u>10</u> <b>Substantially Developed</b>									

References:

- Critical Thinking Rubric by Washington State University <http://wsuctproject.cltt.wsu.edu/rf.htm>
- Facione, Noreen C.Facione (1994). *Holistic Critical Thinking Scoring Rubric*. California Academic Pres

## Appendix 1: Taxonomy for Learning Outcomes/Objectives

Action Words for Bloom's Taxonomy					
Knowledge	Understand	Apply	Analyze	Evaluate	Create
define	explain	solve	analyze	reframe	design
identify	describe	apply	compare	criticize	compose
describe	interpret	illustrate	classify	evaluate	create
label	paraphrase	modify	contrast	order	plan
list	summarize	use	distinguish	appraise	combine
name	classify	calculate	infer	judge	formulate
state	compare	change	separate	support	invent
match	differentiate	choose	explain	compare	hypothesize
recognize	discuss	demonstrate	select	decide	substitute
select	distinguish	discover	categorize	discriminate	write
examine	extend	experiment	connect	recommend	compile
locate	predict	relate	differentiate	summarize	construct
memorize	associate	show	discriminate	assess	develop
quote	contrast	sketch	divide	choose	generalize
recall	convert	complete	order	convince	integrate
reproduce	demonstrate	construct	point out	defend	modify
tabulate	estimate	dramatize	prioritize	estimate	organize
tell	express	interpret	subdivide	find errors	prepare
copy	identify	manipulate	survey	grade	produce
discover	indicate	paint	advertise	measure	rearrange
duplicate	infer	prepare	appraise	predict	rewrite
enumerate	relate	produce	break down	rank	role-play
listen	restate	report	calculate	score	adapt
observe	select	teach	conclude	select	anticipate
omit	translate	act	correlate	test	arrange
read	ask	administer	criticize	argue	assemble
recite	cite	articulate	deduce	conclude	choose
record	discover	chart	devise	consider	collaborate
repeat	generalize	collect	diagram	critique	collect
retell	give examples	compute	dissect	debate	devise
visualize	group	determine	estimate	distinguish	express
	illustrate	develop	evaluate	editorialize	facilitate
	judge	employ	experiment	justify	imagine
	observe	establish	focus	persuade	infer
	order	examine	illustrate	rate	intervene
	report	explain	organize	weigh	justify
	represent	interview	outline		make
	research	judge	plan		manage
	review	list	question		negotiate
	rewrite	operate	test		originate
	show	practice			propose
	trace	predict			reorganize
	transform	record			report
		schedule			revise
		simulate			schematize
		transfer			simulate
		write			solve
					speculate
					structure
					support
					test
					validate