

**FINA 5529-A  
EQUITY ANALYSIS 2  
Winter 2024**

**Instructor:** Dr. Shi Li, Ph.D.  
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**Office:** 6033 Nicol Building  
**Office Hours:** TBD

**Class Meeting:**

Tuesday	8:35 am – 11:25 am	NI4040
Thursday	8:35 am – 11:25 am	NI4040

Faculty Office Hours: Shi Li            TBD, Online

Meeting ID: 849 444 5079  
<https://carleton-ca.zoom.us/j/8494445079>

**Course Calendar Description:**

Advanced concepts related to equity valuation, risk management and portfolio management. Passive and active portfolio management and performance evaluation, quantitative and fundamental equity strategies, and advanced valuation methods for estimating a company's intrinsic value including approaches for valuing private companies. Includes: Experiential Learning Activity.

**Course Description:**

This course attempts to deepen skills in equity analysis through a comprehensive learning of industry and company analysis, discussing various ways of equity portfolio management, and implementing active equity investing. These topics are crucial for all analysts and managers to understand, and pave the foundation for the complete portfolio management.

**Course Learning Objectives:**

It is the objective of this course to teach students:

- Describe three forms of market efficiency and their implications for fundamental analysis, technical analysis, and the choice between active and passive portfolio management;
- Describe market anomalies;
- Understand industry classification system, how to group firms into industry, and the relation of industry analysis to company analysis;
- Compare top-down, bottom-up, and hybrid approaches for developing inputs to equity valuation models, and use Porter's five forces analysis to evaluate the competitive position of a company;
- Build a sales-based pro forma company model

- Understand the role of equities in the overall portfolio, income and costs associated with owning and managing an equity portfolio
- Describe the potential benefits of shareholder engagement
- Describe rationales for equity investment across the passive–active spectrum.
- Strategies and implementation of active equity investing

**Course Prerequisites:** FINA 5528. The School of Business enforces all prerequisites.

**Required Materials:** CFA Program Curriculum Level I, II, and III (2022 or other versions)

**Final Exam Date:** TBD

**Drop Course Policy:** The deadline for academic withdrawal is the last day of classes (each term).

**Grading Scheme:**

Class Attendance	10%
Individual Assignment	10%
In-class Quiz	15%
Case Study (Group Project)	25%
Final Exam	40%
<b>TOTAL</b>	<b>100%</b>

**Class Attendance** will be checked at the end of each lecture if there is no further announcement. Students will be required to sign on an attendance sheet before leaving the classroom.

**Quiz:** To encourage students to keep up with the course material and to measure students’ understanding of the material, I will administer one in-class quiz. The quiz will be 25-30 minutes in duration and it will be multiple choice questions. At the end of the lecture preceding the week of the quiz, you will be informed of the topics that will be tested in the quiz.

**Group Project:** As noted below this course involves group case analysis. During the first class, groups of 2 or 3 students should be formed. Students should choose their own groups. After the first class, each group should email the professor the names and student numbers of the group members.

**Case Analysis:** Your group is required to value a company listed on the stock exchange. The goal of this exercise is to provide you an opportunity to apply the concepts that will be discussed in class to an actual company. You are required to choose your company (no later than the second week). Each group will be responsible for preparing a detailed analysis of the chosen firm.

The assignment will be professionally written with a maximum length of 3,000 words (excluding appendices). The first page of your report will consist of an executive summary of the group’s analysis and recommendations. The subsequent pages will document the analysis and reasoning. Numerical analyses that are referred to in the write-up should be provided as appendices. Guidelines for the assignment will be posted on Brightspace.

**Final Exam:** It will be a comprehensive test, covering material from the entire course. More information about the final exam will be provided in class as the term progresses. The date of the final exam will be announced through the University's normal procedures. It is important that you are available for the final exam. **Allowance will not be made for conflicting travel plans.**

**Note:** The final exam will be comprehensive, covering material from the entire course. If you obtain less than 50% on the final exam, you will receive an "F" grade regardless of your total marks in the course. Also, students who do not demonstrate a minimum level of performance during the term will not be allowed to defer the final exam. The requirement for satisfactory in-term performance is an overall mark of 50% or better on the assignments and quiz. Students with unsatisfactory in-term performance who miss the final exam will be awarded FND for the course.

**Deferred Final Examination:** Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor and the MBA office in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the reason for the deferral. Deferred exams are not granted for students who have made travel arrangements that conflict with examination schedule.

**Late Assignments:**

To ensure fairness for all students, penalties will be applied to late assignments: Failure to submit an assignment on time will result in an initial penalty of five (5) percentage points, followed by an additional (2) percentage points per day thereafter. For example, an assignment that would normally merit a grade of 80% would receive a grade of 75% if submitted after the deadline on the due date, 73% if submitted the following day, and so on. Requests for extension will be considered in cases of illness, family emergency, or other exceptional circumstances.

**Contribution to Program Learning Goals (MFin):**

*The purpose of this section is to explicitly address the connection between individual courses and program-level learning goals. We ask that you consider whether and how each of the six program-level learning goals is addressed in your course. For each learning goal, choose one of the following options. Indicate your choice by removing the check marks from the non-selected options:*

- |                                |  |
|--------------------------------|--|
| <b>Not Covered</b>             | <i>Learning goal is not addressed in the course, or addressed only minimally.</i>  |
| <b>Introduced</b>              | <i>Course introduces content related to the learning goal but does not focus on it <u>OR</u> activities included in the course serve to cultivate this skill incidentally.</i> |
| <b>Taught but not Assessed</b> | <i>Course contributes explicitly and meaningfully to student achievement of the learning goal but is not the point where competency is formally assessed.</i>                  |
| <b>Taught and Assessed</b>     | <i>Select this option if the course has been designated by the MBA CRC as the point where achievement of the learning goal will be assessed.</i>                               |

<b>MFin Learning Goal</b>	<b>Not Covered</b>	<b>Introduced</b>	<b>Taught but Not Assessed</b>	<b>Taught <u>and</u> Assessed</b>
<b>Learning Goal 1 - Ethical and Professional Conduct</b> Graduates will conduct themselves in alignment with the CFA Code of Ethics and Standards of Professional Conduct.			✓	
<b>Learning Goal 2 - Financial Markets, Institutions, and Instruments</b> Graduates will demonstrate an understanding of financial markets, instruments, and institutions.				✓
<b>Learning Goal 3 - Portfolio Management</b> Graduates will understand the motivations of investors and manage an investment portfolio that achieves those objectives.				✓
<b>Learning Goal 4 - Data Analysis</b> Graduates will be proficient in data management, analytics, and modeling.				✓
<b>Learning Goal 5 – Communication</b> Graduates will be effective communicators.				✓

## ADDITIONAL INFORMATION

### Course Sharing Websites:

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### Recommended Calculator for Examinations:

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

### Group Work:

The Sprott School of Business encourages group assignments. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also an effective way to learn integrative skills for putting together a complex task. Your professor may assign one or more group tasks, assignments, or projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

*If peer evaluation will be used as an input when assigning grades to group work, specify the procedure. See the example below:*

#### Peer Evaluation for Group Work

To deter social loafing and ensure fairness in grading, you will be asked to assess the contribution of your fellow group members. This information will be used when assigning the grade for the final project. The procedure is as follows: Each student should take 100 points and allocate those points to the various members of the group (including him/her/themself) to reflect the contributions made by each member. For instance, if there are four members in a group and everyone contributed equally, each individual would receive 25 points. Conversely, if an individual contributed relatively little, the remaining group members might allocate few points to that member. To ensure that these peer evaluation scores are reasonable and free from personal bias, you will be asked to provide a detailed written explanation for your point allocation.

### Letter Grades:

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59	F = Below 50
A = 85-89	B = 73-76	C = 63-66	D = 53-56	

A - = 80-84      B - = 70-72      C - = 60-62      D - = 50-52

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

### **Academic Regulations:**

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

### **Requests for Academic Accommodation:**

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

- **Pregnancy**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **Religious Obligations**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **Students with Disabilities**

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. <https://carleton.ca/pmc/>

- **Survivors of Sexual Violence**

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: <https://carleton.ca/sexual-violence-support/>

- **Student Activities**

Carleton University recognizes the substantial benefits, to both the individual student and the university, that result from participating in activities beyond the classroom experience. Reasonable

accommodation will be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: <https://students.carleton.ca/course-outline/>

### **Academic Integrity:**

Violations of academic integrity—presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student—are a serious academic offence, weaken the quality of the degree, and will not be tolerated. Penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>

### **Centre for Student Academic Support:**

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: <https://carleton.ca/csas/>

### **Other Important Information:**

- Students must always retain a copy of all work that is submitted.
- All final grades are subject to the Dean’s approval.
- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton cmail account. If you do not have or have yet to activate this account, you can do so by visiting <https://carleton.ca/its/get-started/new-students-2/>

**COURSE SCHEDULE**

<b>Week</b>	<b>Date</b>	<b>Topic/Agenda</b>	<b>Pre-class Prep</b>
1	Apr 02	Market Efficiency	L1V3
2	04	Industry and Company Analysis	L1V3
3	09	Industry and Company Analysis (continued)	L2V3
4	11	Overview of Equity Portfolio Management, Passive Equity Investing	L3V3
5	16	Active Equity Investing: Strategies <b>In-class Quiz</b>	L3V3
6	18	Active Equity Investing: Portfolio Construction <b>Group Project Due</b> <b>Individual Assignment Due</b>	L3V3
		Final Exam	