

**THE UNIVERSITY OF HONG KONG**  
**FACULTY OF BUSINESS AND ECONOMICS**  
**FINA3326 – Equity Valuation and Investment Management**

<b>GENERAL INFORMATION</b>	
<p>Instructor: Jimmy Woo</p> <p>Email: jimmywoo@hku.hk  Office: KK725  Phone: 39177763  Consultation time: [TBC]  Lecture time: [TBC]  Venue: [TBC]</p> <p>Tutor: [TBC]</p> <p><b>Pre-requisites:</b> FINA2320 Investments and portfolio analysis</p> <p>Co-requisites: N.A.  Mutually exclusive: N.A.</p> <p>Course Website: The HKU Moodle site via each student's HKUPORTAL login</p>	
<b>COURSE DESCRIPTION</b>	
<p>This course covers the practical applications and issues of financial analysis, valuation, and investment of equities. Topics include, but not limited to, the basic analysis of financial statements; valuation models-e.g. DCF, free cash flows and other methods commonly used in the market; risk and return analysis; equity research and stock selection process; portfolio construction; active vs passive and other styles of investment; performance evaluation and appraisal. Students will get hands-on experience using most up-to-date market data and industry and company information available.</p>	
<b>COURSE OBJECTIVES</b>	
<p>The course aims to provide students with a practical approach to equity valuation and investing. They will learn how to apply the key concepts, techniques, and tools used by market practitioners in making real world investment decisions.</p>	
<b>FACULTY GOALS (FLGs)</b>	
<p><b>FLG1:</b> Acquisition and internalization of knowledge of the programme discipline  <b>FLG2:</b> Application and integration of knowledge  <b>FLG3:</b> Inculcating professionalism  <b>FLG4:</b> Developing global outlook  <b>FLG5:</b> Mastering communication skills  <b>FLG6:</b> Cultivating leadership</p>	
<b>COURSE LEARNING OUTCOMES</b>	
<b>Course Learning Outcomes</b>	<b>Aligned Faculty Goals</b>
CLO1. To understand the foundations of value creation	Goals #1,2,3,4,6
CLO2. To understand the techniques of discounted cash flow valuation	Goals #1,2,3,4
CLO3. To understand the techniques of relative valuation	Goals #1,2,3,4
CLO4. To understand the techniques of real options valuation	Goals # 1,2,3,4

CLO5. To gain an overview of the structure and dynamics of the asset management industry		Goals # 1, 2,3,4	
CLO6. To understand the fundamental assumptions and approaches to value investing		Goals # 1,2,3,4	
CLO7. To learn how to design strategies for searching efficiently for investing opportunities		Goals # 1,2,3,4	
CLO8. To understand the techniques of risk management for the value investor		Goals # 1,2,3,4,6	
CLO9. To develop skills to conduct research and write reports on topics related to equity valuation and investing		Goals # 1,2,3,4,5,6	
<b>COURSE TEACHING AND LEARNING ACTIVITIES</b>			
<b>Course Teaching and Learning Activities</b>		<b>Expected contact hour</b>	<b>Study Load (% of study)</b>
T&L1. Lectures		32	24.0
T&L2. Assignments and Cases		30	22.5
T&L3. Term Project		30	22.5
T&L4. Consultation		1	1.0
T&L5. Self-Study		40	30.0
Total		133	100%
<b>Assessment Methods</b>			
<b>Brief Description (Optional)</b>		<b>Weight</b>	<b>Aligned Course Learning Outcomes</b>
A1. Class Participation		5%	CLO1-9
A2. Assignments and cases		10%	CLO1-9
A3. Term Project		10%	CLO1-9
A4. Mid-Term Examination		25%	CLO1-9
A5. Final Examination		50%	CLO1-9
Total		100%	
<b>STANDARDS FOR ASSESSMENT</b>			
<b>Course Grade Descriptors</b>			
A+ A A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis		
B+ B B-	Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis		
C+ C C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning: such as describe and apply, but not at high levels of learning such as evaluate and synthesis		
D+ D	Evidence of basic familiarity with the subject		
F	Little evidence of basic familiarity with the subject		

## Assessment Rubrics for Each Assessment

Assessment Rubrics for Class Participation, Assignments and Cases, Term Project, Midterm Examination and Final Exam are the same as in course grade descriptors.

### Assignments and Cases

Homework assignments will consist of short structured /essay questions and case analyses.

### Term Project

Students will work in groups on a valuation project. Each group will submit a project report at the end of the semester. Each student will be graded according to the performance of his/her group.

### Midterm and Final Examination

Closed book Midterm and Final Examination, in structured questions, will be based on materials covered in lectures, homework assignments and cases, and assigned required readings. No make-up midterm or final exam will be provided except under special circumstances, e.g. medical leave and medical certificate must be shown as evidence according to the University's Examination Regulations.

## COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE

The lectures will cover the following topics:

- (1) Foundations of Value
- (2) Discounted Cash Flow Valuation
- (3) Relative Valuation
- (4) Real Options Valuation
- (5) Overview of the Asset Management Industry
- (6) Principles and Techniques of Value Investing
- (7) Searching Strategies for Value Investing Opportunities

## REQUIRED/RECOMMENDED READINGS & ONLINE MATERIALS (e.g. journals, textbooks, website addresses etc.)

Required Textbook:

*Investment Valuation: Tools and Techniques for Determining the Value of any Asset, 3<sup>rd</sup> Edition* by Aswath Damodaran, John Wiley and Sons, 2012.

Reference books:

*Valuation: Measuring and Managing the Value of Companies, University Edition, 5th Edition* by McKinsey & Company Inc. and Tim Koller, 2010.

*The Intelligent Investor: The Definitive Book on Value Investing. A Book of Practical Counsel (Revised Edition)* by Benjamin Graham, 2006.

*Margin of Safety: Risk-Averse Value Investing Strategies for the Thoughtful Investor* by Seth A. Klarman, Harper Business, 1991.

Additional required and optional reading materials will be distributed during classes and tutorials.

Lecture Notes: Students can download the lecture notes from the course website in Moodle.

## MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE

- conducting mid-term survey in addition to SETL around the end of the semester
- Online response via Moodle site
- Others: \_\_\_\_\_ (please specify)

## COURSE POLICY (e.g. plagiarism, academic honesty, attendance, etc.)

### Academic Honesty

Plagiarism (<http://aao.hku.hk/sy3/plan-of-study/exa-and-ass/plagiarism/>)

“Plagiarism is defined as the unacknowledged use, as one’s own, of work of another person, whether or not such work has been published. It is a very serious academic offence and the University does not allow or tolerate plagiarism. Any student who commits plagiarism is liable to disciplinary action which can result in serious consequences – including expulsion from the University.

You are strongly advised to read the booklets “What is Plagiarism” and “Plagiarism and How to Avoid It” and to consult your teachers if you have any questions about how to avoid plagiarism.”

#### Cheating

Cheating is another very serious academic offence. Any student who commits cheating on homework assignments or midterm or final examination will receive a grade “F” for the whole course. In addition, the case will be reported to the relevant Board of Examiners and/or the Senate of the University for further actions.

#### **Class Attendance and Work Load**

To maximize learning experience, students are strongly recommended to attend all the lectures, submit the homework assignments and cases on time and participate actively in class and in the preparation of the term project. The workload of this course is quite heavy and students are expected to spend at least 133 contact/study hours as described above.

#### **Class Conduct**

The guiding principle governing class conduct is mutual respect. All mobile phones must be switched off or on silent mode. No eating or drinking is allowed. Students should not disturb others in class.

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#### **ADDITIONAL COURSE INFORMATION** (e.g. e-learning platforms & materials, penalty for late assignments, etc.)

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#### **Penalty for Late Submission of Assignments and Term Project**

Any late submission of homework assignments, cases, or the Term Project will be subject to a 50% penalty deduction of the respective total marks per calendar day after 11:59 pm of the due date, unless prior written permission is obtained from the Instructor under special circumstances, e.g. medical leave.