



## 1. General Information

|                |                                            |
|----------------|--------------------------------------------|
| Course Subject | FINA                                       |
| Course Number  | 3326                                       |
| Course Title   | Equity Valuation and Investment Management |
| Academic Years | 2025-2026                                  |
| Grading Method | Letter                                     |

## 2. Instructors

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Subclasses: 1A,2B

## 4. Course Description

|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Course Description | 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. |
| Prerequisites      | FINA2320: Investments and Portfolio Analysis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Free Elective      | Yes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## 5. Course Objectives

1. 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.

## 6. Faculty Learning Goals

Goal 1: Acquisition and internalization of knowledge of the programme discipline

Goal 2: Application and integration of knowledge

Goal 3: Inculcating professionalism

Goal 4: Developing global outlook

Goal 5: Mastering communication skills

Goal 6: Cultivating leadership

| 7. Course Learning Outcomes                                                                                       |                                |   |   |   |   |   |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------|---|---|---|---|---|
| Course Teaching and Learning Activities                                                                           | Aligned Faculty Learning Goals |   |   |   |   |   |
|                                                                                                                   | 1                              | 2 | 3 | 4 | 5 | 6 |
| CLO1. To understand the foundations of value creation                                                             | ✓                              | ✓ | ✓ | ✓ |   | ✓ |
| CLO2. To understand the techniques of discounted cash flow valuation                                              | ✓                              | ✓ | ✓ | ✓ |   |   |
| CLO3. To understand the techniques of relative valuation                                                          | ✓                              | ✓ | ✓ | ✓ |   |   |
| CLO4. To understand the techniques of real options valuation                                                      | ✓                              | ✓ | ✓ | ✓ |   |   |
| CLO5. To gain an overview of the structure and dynamics of the asset management industry                          | ✓                              | ✓ | ✓ | ✓ |   |   |
| CLO6. To understand the fundamental assumptions and approaches to value investing                                 | ✓                              | ✓ | ✓ | ✓ |   |   |
| CLO7. To learn how to design strategies for searching efficiently for investing opportunities                     | ✓                              | ✓ | ✓ | ✓ |   |   |
| CLO8. To understand the techniques of risk management for the value investor                                      | ✓                              | ✓ | ✓ | ✓ |   | ✓ |
| CLO9. To develop skills to conduct research and write reports on topics related to equity valuation and investing | ✓                              | ✓ | ✓ | ✓ | ✓ | ✓ |

| 8. Course Teaching and Learning Activities |                      |                         |
|--------------------------------------------|----------------------|-------------------------|
| Course Teaching and Learning Activities #  | Expected Study Hours | Study Load (% of study) |
| T&L1. Lectures                             | 32                   | 24.1                    |
| T&L2. Assignments and Cases                | 30                   | 22.6                    |
| T&L3. Term Project                         | 30                   | 22.6                    |
| T&L4. Consultation                         | 1                    | 0.8                     |
| T&L5. Self-Study                           | 40                   | 29.9                    |
|                                            | Total: 133           | Total: 100              |

| 9. Assessment Methods     |                                                                                                                                                                                                     |          |                                  |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------|
| Assessment Methods        | Description                                                                                                                                                                                         | Weight % | Aligned Course Learning Outcomes |
| A1. Class Participation   |                                                                                                                                                                                                     | 5%       | 1,2,3,4,5,6,7,8,9                |
| A2. Assignments and cases | Homework assignments will consist of short structured /essay questions and case analyses.                                                                                                           | 10%      | 1,2,3,4,5,6,7,8,9                |
| A3. 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. | 10%      | 1,2,3,4,5,6,7,8,9                |
| A4. Mid-Term Examination  | Closed book Midterm Examination, in structured questions, will be based on materials covered in lectures, homework assignments and cases, and                                                       | 25%      | 1,2,3,4,5,6,7,8,9                |

## 9. Assessment Methods

|                |                                                                                                                                                                                                                                                                                                                                                                                |     |                   |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------|
|                | assigned required readings. No make-up midterm 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.                                                                                                                                           |     |                   |
| A5. Final Exam | Closed book Final Examination, in structured questions, will be based on materials covered in lectures, homework assignments and cases, and assigned required readings. No make-up 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. | 50% | 1,2,3,4,5,6,7,8,9 |

## Assessment Rubrics

|                           |                                                                                                                                                                                                               |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A1. Class Participation   |                                                                                                                                                                                                               |
| 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                                                                                                                                                         |
| A2. Assignments and cases |                                                                                                                                                                                                               |
| 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                                                                                                                                                         |
| A3. Term Project          |                                                                                                                                                                                                               |
| 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                                                                                                                                                                |

| Assessment Rubrics       |                                                                                                                                                                                                               |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| F                        | Little evidence of basic familiarity with the subject                                                                                                                                                         |
| A4. Mid-Term Examination |                                                                                                                                                                                                               |
| 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                                                                                                                                                         |
| A5. Final Exam           |                                                                                                                                                                                                               |
| 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                                                                                                                                                         |

| 10. Course Grade Descriptors |                                                                                                                                                                                                               |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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                                                                                                                                                         |

| 11. Course Content and Tentative Teaching Schedule |                                           |
|----------------------------------------------------|-------------------------------------------|
| Topic/<br>Session                                  | Content                                   |
| 2                                                  | Discounted Cash Flow Valuation            |
| 3                                                  | Relative Valuation                        |
| 4                                                  | Real Options Valuation                    |
| 5                                                  | Overview of the Asset Management Industry |

| 11. Course Content and Tentative Teaching Schedule |                                                        |
|----------------------------------------------------|--------------------------------------------------------|
| 6                                                  | Principles and Techniques of Value Investing           |
| 7                                                  | Searching Strategies for Value Investing Opportunities |

| 12. Required/Recommended Readings & Online Materials |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reading                                              | <p>Reference books:</p> <p>Valuation: Measuring and Managing the Value of Companies, University Edition, 5th Edition by McKinsey &amp; Company Inc. and Tim Koller, 2010.</p> <p>The Intelligent Investor: The Definitive Book on Value Investing. A Book of Practical Counsel (Revised Edition) by Benjamin Graham, 2006.</p> <p>Margin of Safety: Risk-Averse Value Investing Strategies for the Thoughtful Investor by Seth A. Klarman, Harper Business, 1991.</p> <p>Additional required and optional reading materials will be distributed during classes and tutorials.</p> <p>Lecture Notes: Students can download the lecture notes from the course website in Moodle.</p> |
| Textbook                                             | <p>Required Textbook:</p> <p>Investment Valuation: Tools and Techniques for Determining the Value of any Asset, 3rd Edition by Aswath Damodaran, John Wiley and Sons, 2012.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| 13. 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                                                                        |

## 14. Course Policy

### 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.

## 15. Additional Course Information

### 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.