



## Securities Analysis - Day

This program applies fundamental analysis to stocks and fixed income securities and discusses data sources, performance and earnings forecasting, company management evaluation, and comparisons within an industry sector, business cycle, and microeconomics factors. This course also introduces technical analysis and valuation techniques.

### Available Session(s):

05-Nov-2008 -- 06-Nov-2008 New York USD \$2375

NY Institute of Finance - 9:00am - 4:30pm Wed Thu  
Midtown

Instructor(s):[John Palicka; ]

### Targeted Audience

Research assistants, sales staff, financial planners, investment analysts, portfolio managers, and others involved in making investment decisions.

### Special Offer

Clients who register for this course will receive a complimentary 6 month subscription to the Financial Times and FT.com. The Financial Times is the world's most respected financial newspaper, providing a broad assessment on finance, business and the industrial sector. Subscriptions will start within 6-8 weeks of the application process and are limited to one per client. For questions about your subscriptions call 800-628-8088 or email [uscirculation@ft.com](mailto:uscirculation@ft.com). US and Canada enrollees only.

### Advance Preparation

No advance preparation required.

### Prerequisites

Financial calculator required. Texas Instruments BA II Plus recommended.

### Follow-Up Courses

Portfolio Management Suite

**Level:** Basic

**CPE Credits:** 14.0

**Instructional Method:** Group-Live

## Detailed Outline

### DAY ONE

#### **Analysis: definition and role in securities valuation**

- Alternate approaches to securities valuation
- Scope and limitations of securities analysis

#### **Equities securities analysis**

- Technical analysis
- Quantitative analysis
- Top down fundamental analysis

#### **Comparison between the types of analysis**

- Use and users
- Empirical evidence

#### **Specific applications of fundamental analysis**

- Discount rate / risk premium
- Earnings (dividends) / growth rate

#### **Financial Accounting and Securities Analysis**

- Role of accounting statement information in investment decisions
- Generally Accepted Accounting Principles (GAAP)
- Formal definitions and practical interpretations

### DAY TWO

#### **Competitive analysis**

- Rivalry among existing competitors
- Threat of new entrants
- Bargaining power of buyers, suppliers
- Bargaining power of suppliers
- Industrial/product life cycle theory
- Pioneering development
- Stabilization and market maturity
- Deceleration of growth and decline

#### **Industrial/product life cycle theory**

- Pioneering development
- Stabilization and market maturity
- Deceleration of growth and decline

#### **Earnings and earnings per share (EPS)**

- Concept of earnings
- Measuring earnings
- Earnings quality
- Earnings projections

#### **Asset pricing and risk**

- Classical measures of risk
- Modern Portfolio Theory - standard deviation of return
- Capital Asset Pricing Model - Synthetic risk (beta)

#### **Modern portfolio theory**

- Risk
- Efficient portfolios/frontier

## **Financial statements**

- Balance sheet
- Types of financial statements
- How financial statements relate to one another

## **Related Disclosure and Issues**

- Using financial statements in securities analysis
- Common sized statements
- Index number (trend) statements
- Ration analysis

## **Profits and Cash Flow**

- Income statement measures of profit
- What do they mean?
- Measures of profitability: definitions and interpretations
- Analysis of profitability measures

## **Cash flow**

- Role of cash flow in securities analysis
- Computation of cash flow
- Statement of cash flows

## **Analysis of Profitability and Return**

- Profitability analysis
- Profit margin: gross, operating and net
- Related cost and profit issues
- Break-even analysis
- Operating leverage

## **Return on investment**

- Return on assets (ROA)
- Return on equity (ROE)
- Impact of financial leverage
- Dupont method

## **Economic Analysis**

- Role of economic analysis in security analysis
- Connection between the real economy and the financial markets
- Economic variables and securities valuation

## **Capital Asset Pricing Model (CAPM)**

- Model specifications
- CAPM and the index model
- Arbitrage pricing model

## **General considerations**

- Earnings/net revenues/cash flow
- Risk - discount rate including an equity risk premium

## **Asset based versus earnings flow based approaches**

- Liquidation value
- Return on equity (ROE)
- Earnings/cash flow based methodologies

## **Company analysis**

- Position within industry
- Financial statement analysis
- Interpreting financial statements and ratios

## **Price/earnings ratios**

- Variants - historic/trailing versus forecast/forward p/e ratios
- Factors influencing market/stock valuation multiples

## **Other common stock valuation ratios**

- Cash flow multiples
- Sales multiples
- Book value multiples

## **Dividend discount models**

- Stock reflects present value of dividends
- Variants
- Considerations

## **Fixed Income and Derivative Considerations**

- Duration/Convexity, Bond Pricing
- Derivative Considerations

**Macroeconomic analysis**

- Aggregate supply and demand
- Business cycles and the financial markets
- Economic variables and the securities valuation

**Microeconomic analysis**

- Firm and industry cost and revenue curves
- Industry structure

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.