

# Minnesota State University Moorhead

## FINC 462: Financial Analysis and Valuation

### A. COURSE DESCRIPTION

Credits: 3

Lecture Hours/Week: 3

Lab Hours/Week: \*.\*

OJT Hours/Week: \*.\*

Prerequisites:

This course requires both of these prerequisites

FINC 441 - Advanced Financial Management

FINC 360 - Principles of Investment

Corequisites: None

MnTC Goals: None

This course provides in-depth knowledge of valuation models and their practical application. The primary focus is equity valuation techniques. This includes data gathering and analysis of financial statements, analyzing cash flow, estimating the cost of capital, and forecasting cash flows. Discounted cash flow and relative valuation models are utilized in case studies to practice equity valuation. Additional topics covered include an introduction to fixed income valuation, alternative investments, and the ethics and professional standards related to the practice of valuation.

**B. COURSE EFFECTIVE DATES:** 09/02/2016 - Present

### C. OUTLINE OF MAJOR CONTENT AREAS

1. Financial data
2. Financial statement analysis
3. Free cash flow calculations
4. Pro forma financial statements
5. Discounted cash flow valuation
6. Relative valuation
7. Cost of capital
8. Sector and industry considerations in valuation
9. Fixed income valuation
10. Valuation of alternative investments
11. Ethical and professional standards

#### **D. LEARNING OUTCOMES (General)**

1. Analyze financial statements by calculating appropriate ratios.
2. Calculate and forecast free cash flow.
3. Collect and organize financial data from appropriate sources.
4. Compute the value of a firm by discounting free cash flow to the firm, free cash flow to equity, and dividend discount models.
5. Compute the value of a firm's equity using relative valuation techniques.
6. Create pro forma financial statements as a forecasting tool.
7. Estimate the cost of capital.
8. Evaluate the influence of sector, industry, and the macroeconomy on valuation.
9. Evaluate the value of alternative investments, including real estate, private equity, and distressed securities.
10. Transform financial statement data for use in valuation.
11. Understand and practice ethical and professional standards in investment valuation.
12. Utilize appropriate models of fixed income valuation.

#### **E. Minnesota Transfer Curriculum Goal Area(s) and Competencies**

None

#### **F. LEARNER OUTCOMES ASSESSMENT**

As noted on course syllabus

#### **G. SPECIAL INFORMATION**

None noted