

**Security Valuation**  
FIN 3520  
Babson College, Spring 2004

Professor Contact Info    Dr. Vladimir Atanasov  
122 Tomasso Hall, 781-239-4946, [vatanasov@babson.edu](mailto:vatanasov@babson.edu)  
Office Hours                Wednesday 2:00 – 5:00, or by appointment  
Class Meetings             Tuesday and Thursday, Tomasso 209  
Section 01: 11:30-1:05; Section 02: 1:40-3:15; Section 03: 3:25-5:00

**Course Topics**

1. Time Value of Money
2. Fixed-Income Valuation
3. Fixed-income Risk Measurement
4. Equity Valuation using Discounted Cash Flow Models
5. Relative Equity Valuation
6. Financial Statement Analysis
7. Equity Valuation in Mergers, IPOs, and Private Equity Investments
8. Valuation in Emerging Markets
9. Technical Analysis and Momentum
10. Derivative Valuation
11. Valuation of Real Options and Other Security-like Investment Projects

**Required Materials**

Textbook: Bodie, Zvi, Alex Kane, and Alan J. Marcus, *Essentials of Investments*, 5<sup>th</sup> Edition, Irwin/McGraw-Hill, 2003

Additional Reading Material: The Wall Street Journal is required reading before each class. During the course I will assign other journal and newspaper articles and online research material. The Finance liaison library officer will be available for questions and help in obtaining some of the readings.

**Suggested Readings**

Jim Mahar's electronic newspaper at [www.financeprofessor.com](http://www.financeprofessor.com)

**Course Requirements**

Ownership or unrestricted use of a financial calculator. Knowledge of the calculator and its functionality is solely the student's responsibility. Regular preparation of materials and participation in class discussions. Completion of assignments and exams.

**Course Grade**

The course grade will be based on two midterm exams, one final exam, class participation, and two written assignments. The midterm exams are tentatively scheduled for February 24 and April 6. The two midterms will be each worth 20% of the grade. The final exam will be cumulative and worth 35% of the grade. The remaining 25% of the grade will be split between the evaluation of your class participation (professional conduct) and the written assignments. There will be several opportunities for extra credit given in class.

## Course Schedule

Session #	Date	Topic	Main Reading
1	22-Jan	Course Introduction	Syllabus
2	27-Jan	Time Value of Money Review	Handout
3	29-Jan	Bond Prices and Yields	Chapter 10
4	3-Feb	Bond Prices and Yields	Chapter 10
5	5-Feb	Managing Fixed-Income Investments	Chapter 11
6	10-Feb	Managing Fixed-Income Investments	Chapter 11
7	12-Feb	Excel & Bloomberg Applications	Handout & Assignment, Meet in Cutler Center
8	17-Feb	Summary of Midterm 1 Material	Chapters 10 and 11, lecture notes, practice problems
9	19-Feb	Macroeconomic and Industry Analysis	Chapter 12
10	24-Feb	<i>Midterm 1</i>	
11	26-Feb	DCF models and CAPM	Chapters 8 and 13
12	2-Mar	DCF models (cont.)	
13	4-Mar	Relative Valuation	Chapter 13
14	9-Mar	Financial Statement Analysis	Chapter 14
15	11-Mar	Advanced Financial Statement Analysis. The case of Enron	Enron papers
16	16-Mar	NO CLASS. Spring Break	
	18-Mar	NO CLASS. Spring Break	
	23-Mar	Bloomberg Applications	Handout. Meet in Cutler Center
17	25-Mar	Applications to Mergers, IPO-s, Private Equity	Notes
18	30-Mar	Valuation in Emerging Markets. Control and Transaction Costs (minicase)	Notes
19	1-Apr	Summary of Midterm 2 Material	Chapters 8, 12-14, lecture notes, practice problems
20	6-Apr	<i>Midterm 2</i>	
21	8-Apr	Efficient Markets. Feinstein's simulation. Technical Analysis and Momentum	Chapter 9 and 15
22	13-Apr	Introduction to options	Chapter 16-17
23	15-Apr	Option valuation	Chapter 17, notes
24	20-Apr	Real option valuation	Notes
25	22-Apr	Presentation of Assignments	
26	27-Apr	Summary of Final Exam Material	
		<i>Final Exam</i>	

Any student who is entitled to an academic accommodation based on the impact of a documented disAbility should contact me privately during office hours to discuss his or her specific needs. Please also contact Erin Evans, Coordinator of disAbility services, at 781-239-4075 or in Hollister Hall to coordinate reasonable accommodations.