

<b>M5 Valuation of Securities and Companies</b>	
<b>Lecturer</b> Prof. Dr. Thorsten Feix	<b>Module coordinator</b> Prof. Dr. Thorsten Feix
<p><b>Content</b></p> <p>The course on "<i>Valuation of securities and companies</i>" will discuss the fundamental principles of corporate finance. This includes investment decisions as well as financing decisions. The course is also a prerequisite for the 2<sup>nd</sup> term lecture "<i>Corporate Finance &amp; Investment Banking</i>" and for the intensive lectures of the 3<sup>rd</sup> term like "<i>Advanced M&amp;A</i>" and "<i>Advanced M&amp;A - Case Studies</i>".</p> <p><b><u>Course Methodology</u></b></p> <p>The concept of the course "<i>Valuation of securities and companies</i>" is built upon the following corner stones:</p> <p><b><i>Valuation principles of securities and projects:</i></b></p> <ul style="list-style-type: none"> <li>• The purpose, the goals and the governance of the firm</li> <li>• The NPV concept</li> <li>• Valuing bonds</li> <li>• Valuing stocks</li> <li>• NPV and other investment criteria</li> <li>• Applying investment decisions with NPV</li> </ul> <p><b><i>Portfolio theory: Risk, return and the Capital Asset Pricing Model (CAPM):</i></b></p> <ul style="list-style-type: none"> <li>• Risk &amp; return</li> <li>• Portfolio theory &amp; Capital Asset Pricing Model (CAPM)</li> <li>• Risk &amp; cost of capital</li> </ul> <p><b><i>Principles of corporate valuations:</i></b></p> <ul style="list-style-type: none"> <li>• Discounted Cash Flow (DCF)</li> <li>• Adjusted Present Value (APV)</li> </ul>	
<p><b>Prerequisite for participation</b></p> <ul style="list-style-type: none"> <li>• Basic Knowledge (Bachelor Level) in Finance and Corporate Finance</li> <li>• Presentation competencies</li> </ul> <p><b>Preparation / Reading</b></p> <p>Students should invariably read the assigned chapters, articles, and supplementary materials before coming to the class and go over the assigned exercises and cases. Students are expected to carefully review the assigned reading materials before each session, diligently work on the assigned problems, questions, and cases, and to participate actively in the class discussions. As well they should be prepared to spend some time to digest the material, as well as to work on the assignments and case studies. After the end of each session, students should review their notes. For the lectures the key supporting text book will be BREALEY, MYERS, ALLAN: PRINCIPLES OF CORPORATE FINANCE (McGraw Hill, 13<sup>th</sup> ed.; 2020)</p> <p><b>Recommended reading for course preparation:</b></p> <ul style="list-style-type: none"> <li>• Eiteman, D. K.; Stonehill, A. I.; Moffett, M. H.: "<i>Multinational Business Finance</i>", 14<sup>th</sup> ed., Pearson International Edition 2016.</li> <li>• Financial Times</li> <li>• The Economist</li> </ul>	

**Intendend learning outcomes**

- Students understand and are in a position to apply modern financial theories on equity, debt and M&A markets. They also know the principles of portfolio allocation and understand in detail the risk-return trade-off.
- Students understand the essentials of financial theories and methodologies and are aware how to apply them within real world business cases
- They critically reflect the financial and management concepts for equity and debt financing and investments, portfolio allocation as well as the basic valuation of acquisitions in today’s global financial markets
- The module provides a framework and basic understanding for the more finance-based lectures in the second and third term

**Teaching & Learning methods**

- *Classroom sessions:* Extensive Corporate Finance literature presentation, discussion and explanations
- *Case Studies:* Applying the learned concepts and tools
- *New E-Learning concepts* like Financial Time and Economist Online Resources, ... .
- *Term Paper discussions and presentations*
- Selected and focused best practice lectures of Blue Chip Corporations and Financial Services Consultancies will complement the lectures of “Valuing Securities and Companies” with real world examples

**Literature**

- Brealey, R., A.; Myers S. C.; Allen, F.: “*Principles of Corporate Finance*”, 13<sup>th</sup> ed., McGrawHill, 2020.
- Copeland, T., Weston, J., Shastri, K., “*Financial Theory and Corporate Policy*”, Amsterdam 2004.
- Berk, J.; DeMarzo P.: “*Corporate Finance*”; Pearson; 2<sup>nd</sup> edition; 2011.
- Bodie, Z.; Kane, A.; Marcus, A. J.: “*Investments and Portfolio Management*”; McGraw-Hill; 9<sup>th</sup> edition; 2011.
- Teall, J. T.: “*Financial Trading and Investment*”; Academic Press; 2013.
- Additionally, a broad set of international articles of scientific journals will be used

**Course organisation**

<b>ECTS-Credits</b> 6	<b>SWS</b> 4	<b>Language</b> English
<b>Kind of module</b> Compulsory module	<b>Turnus</b> Winter Term	<b>Duration</b> 1 term
<b>Workload</b> 6 ECTS-Credits x 30 hours = 180 hours, decomposition:		
<b>Attendance</b> 15 weeks * 4 hours = 60 hours	<b>Preparation / Homework / Self-study</b> 15 weeks * 3 hours = 45 hours	<b>Time for exercises and group work</b> 15 weeks * 2 hours = 30 h.
<b>Term paper / presentation</b> 15 hours	<b>Exam preparation</b> 30 hours	<b>Exam time</b> 90 minutes
<b>Prerequisites for the exam</b> Non		
<b>Exam requirements</b> • Non	<b>Weighting in examination</b> Final grade: 50% Exam; 50% Term Paper	