

Equity Valuation (B40.3331.30)

Course overview

In today's volatile market climate, a high degree of uncertainty exists as to the "value" of equity securities. This course will explain traditional techniques used to value equities, and how equity "pricing" differs from "valuation". Additionally, we will examine "non-fundamental" methods used by market practitioners to price equity instruments, as well as the role of derivatives markets in equity valuation.

It is expected that students possess a basic knowledge of finance and US GAAP accounting principles. Case studies, guest speakers and transaction analyses will comprise an important part of this course as we weave together theoretical and practical approaches to equity valuation.

Course Summary

This comprehensive course covers the following:

- Equity market valuation
- Financial statement analysis and interpretation
- Traditional valuation methods including: Discounted Cash Flow (DCF) Valuation
- Relative valuation techniques
- Valuing illiquid stock
- Technical analysis
- Valuing private firms
- Understanding equity research analyst reports
- Option Pricing Applications
- M&A Valuation
- Value enhancement strategies including CFROI, EVA, etc.
- The role of equity derivatives in equity valuation

INSTRUCTOR: Richard M. Levine, CFA

Richard M. Levine, CFA has over twenty years of financial services industry and teaching experience. He currently serves as President of StreetSmart, a training and consulting company he founded in 2000. In recent engagements, Mr. Levine designed and delivered workshops in *Acquisition Financing, Advanced Portfolio Management, Capital Markets and Derivative Products, Credit Derivatives, Exotic Derivatives, Financial Modeling & Valuation, Financial Risk Management, Fund Selection, LBO's and Securitization* for a variety of international commercial and investment banks and advisors.

Mr. Levine has developed and conducted courses for many international commercial and investment banks including Alpha Bank, Banco General, Bank of Tokyo, Barclays Capital, the Blackstone Group, CICC, Commerzbank, Credit Lyonnais, Deutsche Bank, Genworth Financial,

GMAC, Goldman Sachs, HypoVereinsbank, JP Morgan, LarrainVial, Merrill Lynch, RBS, Wachovia Bank and Wells Fargo.

Prior to founding StreetSmart, Mr. Levine spent several years managing securitization and consulting engagements in Ernst & Young's Structured Finance group. His primary responsibilities were to provide advisory and analytical services to investors, issuers and underwriters of real estate and asset-backed securities. Mr. Levine created and implemented cash flow models to value complex derivative securities for both portfolio and risk management purposes. In addition, he was a featured speaker in industry seminars on Mezzanine Financing and Commercial Mortgage-Backed Securities (CMBS) and co-authored a chapter published in the *Trends in Commercial Mortgage-Backed Securities* handbook.

Mr. Levine previously worked for four years on Wall Street at PaineWebber and Donaldson, Lufkin & Jenrette, where he developed arbitrage transactions involving mortgage derivatives. He originated fixed income relative value strategies used by the mortgage-trading desk for risk management and by institutional clients to improve portfolio performance. Mr. Levine initially developed his expertise in financial engineering and securitization at KPMG Peat Marwick by developing mathematical models to evaluate structured securities.

Mr. Levine currently serves as an Adjunct Professor at New York University's Stern School of Business, where he teaches courses in *Mortgage-Backed Securities*, *Corporate Finance* and *Equity Valuation*. He received an M.B.A. with a concentration in Finance from NYU's Stern School and earned a B.S. in Systems Engineering from the University of Virginia's School of Engineering and Applied Science.

Mr. Levine is a Chartered Financial Analyst (CFA) and is a member of the New York Society of Security Analysts (NYSSA). He currently is a member of the CFA Institute's Council of Examiners and serves on several committees at NYSSA.