Lecture Notes 11

Equity Valuation

I. Readings and Suggested Practice Problems

II. Valuation and its Uses

III. Present Value Models

IV. Approaches to Expected Return Determination

V. Constant Growth DDM

VI. DDM, Investment Opportunities, and Payout Policy

VII. The Price/Earnings Ratio

VIII. Additional Readings

**Buzz Words:** Dividend Discount Model (DDM), Gordon Model, Intrinsic Value, Discount Rate, Capitalization Rate, Growing Perpetuity, Plowback, ROE, Growth Stocks
I. **Readings and Suggested Practice Problems**

BKM, Chapter 18, Sections 1-4, 7.


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