Equity Instruments and Markets: Syllabus

Aswath Damodaran
General Information

- Office: Room 9-94
- Phone: 998-0340
- E-mail: adamodar@stern.nyu.edu
- Home Page: http://www.stern.nyu.edu/~adamodar

Office Hours
- Monday 12-1.15
- Wednesday 12-1.15
- The fair game principle still applies.

All classes will be web cast. The web casts will be online (usually) within 48 hours of the class. You can find the webcasts by going to the home page for the equity class.

http://www.stern.nyu.edu/~adamodar/New_Home_Page/equity.html
Course Objectives

Every asset has a value. We just have to find it.

Intrinsic Value
The value of an asset is the present value of the expected cashflows.

Relative Value
The value of an asset is what others are willing to pay for it (or something like it).

Contingent Value
The value of an asset may be contingent on what happens to other assets.

Ways of thinking about/estimating value:
- In sickness and in health - Distressed vs Healthy
- Across the life cycle - Young firms, IPOs, Mature firms, Declining firms
- Valuing publicly traded firms - Small vs Large, Developed vs Emerging, Manufacturing vs Technology
- And private businesses - For owners, And investors (private equity, venture capital)

Ways of applying value:
- Investors
- Managers
- Analysts

Value Enhancement
- Acquisitions

Perspectives on value
## Course Outline

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Required Material

- **Lecture Note Packets**: These are available in three parts. They can be downloaded from my web site, as pdf files, by going to:
  

- **Supplementary texts**: You can buy this book and share with a couple of people, if needed, or not buy the book at all.
  
  - *The Dark Side of Valuation*: Prentice Hall

- **Other Readings**:
  
  - The other readings for each topic are available on my web site, and can be downloaded at
    
    [http://www.stern.nyu.edu/~adamodar/New_Home_Page/eqread.htm](http://www.stern.nyu.edu/~adamodar/New_Home_Page/eqread.htm)
Grading Basis

- **Group Work:** Students should work in groups of five. Each group will be required to work on a group project
  - Valuation Project: Due in two parts 30%
    - Part 1: DCF Valuation due in Session 14 (March 21)
    - Part 2: Entire project due on May 2 at 5 p.m.
  - Mystery Project: TBA 10%

- **Individual Work:**
  - Quizzes: There will be three quizzes worth 10% each.
    - Quiz 1: DCF Estimation Issues: Session 8 (February 16)
    - Quiz 2: Relative Valuation: Session 15 (March 23)
    - Quiz 3: Private Company & Option Valuation: Session 22 (April 18)
  - Final Exam: This will also be an open-book and open-notes cumulative exam worth 30%.
Rules of Engagement

■ Rules of group work:
  • Pick your own groups. (If you have trouble getting picked, I will help)
  • All group work will be self policed, except in extreme circumstances.
  • There will be one grade per group, no matter how the work load is distributed among the group members

■ Rules on individual work
  • All exams and quizzes are strictly individual work.
  • There will be no make-up quizzes. If you miss a quiz for a good reason, the grade will be redistributed over the remaining part of the course.
  • I will be the grader, and I do make mistakes. If I screw up, bring it to my attention and I will fix it.

■ Rules on Participation
  • All participation is welcome.