



**BUS 493
SECURITY ANALYSIS**

Fall 2023
Tuesdays, 7:00pm-9:45pm
ED 619

PROFESSOR: Nevin G. Markwart, CFA, CFP

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Former:

- President and CEO, Front Street Capital (Toronto)
- Co-Founder, President and CEO, Canoe Financial (Calgary)
- Head of Canadian Equities, Fidelity Investments (Boston and Toronto)
- Equity Analyst, Portfolio Manager, Director of Equity Research, Standish, Ayer and Wood (Boston)

COURSE OBJECTIVE:

The objective of this course is to teach students the comprehensive process of security analysis and to offer hands-on experience in security analysis and valuation. The covered content includes:

- 1) Return concepts
- 2) Company and industry analysis
- 3) DDM and DCF valuation models
- 4) Relative and market valuation
- 5) Private company valuation

This course is comprised of theoretical and practical aspects. The first part teaches essential tools for security analysis and the second part builds the students' skills in conducting security analysis for actual companies.

PREREQUISITES:

BUS 290 and BUS 395 (may be taken concurrently with BUS 493)

TEXTBOOK AND ADDITIONAL MATERIAL

- 1) Jerald Pinto et al. (2020) Equity Asset Valuation, Fourth Edition. Wiley. ISBN: 978-1-119-62820-0
- 2) Material delivered in class.
- 3) Lecture slides and any other material posted on URCourses.
- 4) Case studies covering the major topics in the course.

MANDATORY READING:

Students should understand that ethics is a vital element in security analysis and investment decisions. We recommend that students refer and understand the Standards of Practice Handbook, Eleventh edition, 2014, provided by the CFA Institute. A free copy can be downloaded at: <https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/standards-practice-handbook-11th-ed-eff-July-2014-corr-sept-2014.ashx>

Students are encouraged to look up and read articles relating to current investment topics that are having a material impact on markets and the investment industry including algorithmic/high frequency trading, Environmental, Social and Governance (ESG) issues, passive and index investing, etc...

It is also recommended that students read the *Wall Street Journal*, *Bloomberg* and the *Financial Post* on a regular basis. This reading will enable students to engage in class discussions around the course content and how it applies in practical business situations today.

ACADEMIC MISCONDUCT:

You are encouraged to interact with and learn from other students in this class. However, you are expected to behave with integrity and this includes adhering to the section on Student Behaviour found in the 2022-2023 Academic Calendar. Ask in advance if you have any questions about misconduct.

SPECIAL NEEDS:

If there is any student in this course who, because of a disability, may have a need for accommodations, please come and discuss this with the professor, as well as contacting the Coordinator of Special Needs Services at 585-4631.

TENTATIVE COURSE OUTLINE:

Date	Topic	Textbook Chapter
Sept 5	Course Introduction / Overview of Equity Securities	1
Sept 12	Equity Valuation	3,4
Sept 19	Return Concepts	5
Sept 26	Industry & Company Analysis	2
Oct 3	Industry & Company Analysis	6
Oct 10	Fall Break – no class	
Oct 17	Dividend Discount Valuation	7
Oct 24	Free Cash Flow Valuation	8
Oct 31	Mid-Term Exam	
Nov 7	Research Report Discussion	
Nov 14	Market Based Valuation	9
Nov 21	Residual Income Valuation	10
Nov 28	Private Company Valuation	11
Dec 5	Review/Analyst Report Discussion	
Dec 12	Final / Analyst Report Due	

GRADING AND EXAMINATIONS:

Class Participation	10%
Weekly Textbook Chapter Questions	20%
Mid-Term	20%
Analyst Report	20%
Final Exam	30%

Class participation: Students are expected to come to class well-prepared and are encouraged to participate in class discussions. Active participation includes asking questions related to class material, answering questions, and participating in class discussions that relate to the course material. Students who cannot attend a particular class should advise, via email, prior to the class.

Weekly Textbook Chapter Questions: Students are expected to complete and submit all chapter questions in the week following the chapter lecture. Each question will represent an equal weight for your weekly textbook chapter grade with 50% of each question's grade resulting from your multiple choice answer (if applicable) and the remaining portion of each question's grade based on your written response to the question.

Analyst Report: Each student will need to submit an Analyst Report on a publicly traded company. Students will need to submit an electronic copy of their Excel Worksheet as part of the Assignment. Each report must include a thorough analysis and discussion of the following topics that will be covered during the course, be well organized and easy to follow.

1. Business Summary;
2. Industry Analysis;
3. Historical and Pro forma tables/Forecasts;
4. Sensitivity Analysis;
5. Valuation;
6. Risks; and,
7. Summary and Investment Recommendation (BUY or SELL with price target)

Sample reports will be made available and discussed. One or more classes will be dedicated to discussions of the Analyst Report so attendance is imperative. Analyst Reports will be due Dec 12.

Midterm and Final Exams: The course exams will be made up of multiple choice questions. Each exam will cover the cumulative book material, notes from class and outside material that may have been assigned throughout the course term.

ABOUT THE PROFESSOR:

Mr. Nevin G. Markwart, CFA, CFP

Nevin Markwart is the Chief Information Security Office (CISO) for Toronto-based FutureVault Inc., an innovative cloud-based digital document storage, access and distribution company.

Now operating in his third professional career, Nevin graduated in 2019 with a Master of Science degree in Cybersecurity from Brown University, the Ivey League school located in Providence, Rhode Island. Nevin is an online information privacy expert, having written his graduate thesis paper, “Restricting the Adverse Effects of Internet Terms of Service Agreements,” with the support of his non-faculty academic advisor, Mr. Tom Ridge, the former Governor of Pennsylvania and first US Secretary of the Department of Homeland Security (DHS).

Previously, Nevin played junior hockey for his hometown Regina Pats before becoming the Boston Bruins’ first pick in the 1983 NHL Entry Draft. At age 18, he turned pro immediately after the draft and went on to play nine seasons in the NHL, retiring due to the cumulative effects of three shoulder surgeries.

After retiring from professional hockey, Nevin earned his MBA in Finance from Northeastern University in Boston in 1994 and began his second career in the investment management industry.

Nevin’s investment industry experience includes senior and executive roles in Boston as an equity analyst and portfolio manager, director of research, product manager, and head of Canadian equities for firms including Wellington Management and Fidelity Investments.

Later in his investment management career, Nevin led two Canadian mutual fund companies as CEO: Calgary-based Canoe Financial and Toronto-based Front Street Capital.

Nevin is a member of the Board of Directors of the Business of Hockey Institute (BHI), the Saskatchewan CFA Society, and Corl Financial Technologies. He is also a business management mentor for the Canadian Consulate’s Canadian Technology Accelerator (CTA) in Boston.