

H9AV: Asset Valuation

Module Code:	H9AV
Long Title	Asset Valuation APPROVED
Title	Asset Valuation
Module Level:	LEVEL 9
EQF Level:	7
EHEA Level:	Second Cycle
Credits:	10
Module Coordinator:	
Module Author:	JOE NAUGHTON
Departments:	School of Business
Specifications of the qualifications and experience required of staff	
Learning Outcomes	
<i>On successful completion of this module the learner will be able to:</i>	
#	Learning Outcome Description
LO1	Evaluate why a company stock, given its current market price and a value estimate, is overvalued, fairly valued or undervalued by the market.
LO2	Critique the well-established methodologies of security analysis and the process an analyst uses in applying these models.
LO3	Analyse and interpret the extent to which alternative views about market efficiency are supported by the body of evidence produced by the empirical finance literature.
LO4	Evaluate the methods used by institutional investors in the bond market to finance the purchase of fixed-income securities.
LO5	Critique the risks associated with investing in bonds.
LO6	Illustrate the primary tools for valuation and analysis off fixed-income securities and markets.
LO7	Examine the various approaches to the valuation of real estate.
LO8	Critically comment on the unique challenges in evaluating hedge funds.
LO9	Critique conventional derivative valuation models, in the post crisis environment. and evaluate and apply valuation adjustments to fixed income derivatives to deal with credit and liquidity risk.
Dependencies	
Module Recommendations	
No recommendations listed	
Co-requisite Modules	
No Co-requisite modules listed	
Entry requirements	

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Module Content & Assessment			
Indicative Content			
Mathematical Background • Time Value of Money, Simple Interest Compound Interest Day Count Conventions • Sequences and Series: perpetuities and annuities • Probability applied to derivative valuations: Binomial Trees, Monte Carlo Simulation • Linear Algebra: Matrices, Eigenvalues and Eigen Vectors, Matrix Decomposition • Basic Calculus for Finance: Functions and Graphs, Differentiation, Functions of Several Variables			
Equity (Week 3-5) • Equity Market Organisation and Structure • Security Market Indices • Equity Valuation Overview • Return Concepts: Capital Asset Pricing Model, Arbitrage Pricing Theory, • Discounted Dividend Valuation: Gordon Growth Model, Multi Stage Dividend Discount Models			
Fixed Income Securities (Week 6-8) • Features of Debt Securities • Risks Associated with Investing in Bonds • Overview of Bond Sectors and Instruments • Understanding Yield Spreads • Valuation of Debt Securities: Discounted Cash Flow Models, Duration, Price Yield Relationships, Convexity • Spot and Forward Rates: Bootstrapping Zero Coupon rates from Bond Prices • Floating Rate Bonds – valuation and risk characteristics			
Fixed Income Derivatives (Week 9 – 11) • Forward Rate Agreements • Interest Rate Swaps – derivation of par swap rate and valuation and sensitivity analysis of interest rate swaps • Types of interest rate swaps: single currency swaps, cross currency swaps, basis swaps, overnight index swaps • Valuation of fixed income derivatives post crisis: OIS adjustment, Credit Value Adjustment and Funding Value Adjustment			
Alternative Investments (Week 12) Types and characteristics of alternative investments: • Property • Commodities • Private Equity • Hedge Funds • ETFs			
Assessment Breakdown			%
Coursework			30.00%
End of Module Assessment			70.00%
Assessments			
Full Time			
Coursework			
Assessment Type:	Project	% of total:	30
Assessment Date:	n/a	Outcome addressed:	1,2,4,5,6,7
Non-Marked:	No		
Assessment Description: Learners will be presented with a real world asset valuation issue and/ or case study, which will entail an extensive review of asset valuation methods. (LO1, LO2, LO4, LO5, LO6, LO7)			
End of Module Assessment			
Assessment Type:	Terminal Exam	% of total:	70
Assessment Date:	End-of-Semester	Outcome addressed:	1,2,3,4,5,6,7,8,9
Non-Marked:	No		
Assessment Description: The examination will be a minimum of three hours in duration and may include a mix of: short or long problem based questions, essay based questions and case study based questions. All questions will be marked according to clarity, structure, contemporary examples (that illustrate points made), reference to materials covered, theories and research in the field. Reference to class material and evidence of outside reading is essential.			
No Workplace Assessment			
Reassessment Requirement			
Repeat examination <i>Reassessment of this module will consist of a repeat examination. It is possible that there will also be a requirement to be reassessed in a coursework element.</i>			

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Module Workload				
Module Target Workload Hours 0 Hours				
Workload: Full Time				
Workload Type	Workload Description	Hours	Frequency	Average Weekly Learner Workload
Practical	No Description	3	Every Week	3.00
Independent Learning	No Description	14	Once per semester	1.17
Assignment	No Description	4	Once per semester	0.33
Total Weekly Contact Hours				3.00
Workload: Part Time				
Workload Type	Workload Description	Hours	Frequency	Average Weekly Learner Workload
Practical	No Description	3	Every Week	3.00
Independent Learning Time	No Description	14	Once per semester	1.17
Assignment	No Description	4	Every Week	4.00
Total Weekly Contact Hours				3.00

Module Resources	
<i>Recommended Book Resources</i>	
Pinto, J., Henry, E., Robinson, T.. (2010), Equity Asset Valuation, 2nd.. Chartered Financial Analyst (CFA) and John Stowe, CFA. Fabozzi, F.J.. (2012), Fixed Income Analysis Handbook, 8th. Chartered Financial Analyst (CFA) Institute.	
<i>Supplementary Book Resources</i>	
McCulley, P. A. (2008), The Liquidity Conundrum, CFA Institute Conference proceedings Quarterly. Jones, P. (2007), Investments Analysis and Management, 10th. Wiley. Cochrane. Asset Pricing, Revised. Princeton University Press.	
<i>This module does not have any article/paper resources</i>	
<i>Other Resources</i>	
[Website], www.bloomberg.com. [Website], www.reuters.com. [Website], https://www.cfainstitute.org/pages/index.aspx.	
Discussion Note:	