

Analyst Training Program Session I

About the Program

The Analyst Training Program was started in 2018 by the Finance & Investment Club in conjunction with Wahdy Capital Management, a San Francisco-based asset management firm, to train and prepare UC Davis students for careers in the financial services industry. Since then, experienced members of the Analyst Training Program with backgrounds in industries including investment banking, macroeconomic research, equity research, and public equity asset management, have taken the responsibility to teach the beginner levels of the program to fellow UC Davis students.

Estimated hours per week: 8

Topics Covered:

Overview of Financial Markets

- Financial assets
- Market participants
- Buy-side & sell-side services

Corporate Finance

- Time value of money
- Valuation theory (basic time value valuation, Gordon growth model, annuity, perpetuity, IRR)
- Risk & volatility measurements
- Capital asset pricing model
- Returns: Price target models (discounted cash flows, multiples)
- Cost of capital
- Capital structure

Financial accounting review

- Measuring and evaluating financial metrics and multiples

Research Process

- Critical thinking and reading comprehension
- Research sources commonly used in public equity asset management, equity research, and investment banking
- Walkthrough of earnings calls & transcripts
- Interpreting information for financial analysis

Assignments

All program participants will complete several assignments on an assigned public U.S. company. During the course, program participants will be guided together through similar assignments on a different company for reference. All assignments will be evaluated for completion, quality, and accuracy, as well as demonstration of sufficient understanding of concepts.

Assignment 1: Research write-up

- Conduct research and due diligence on the target security. Use company filings (10-K, 10-Q, earnings transcripts, etc.) to assemble a public information book on the company and complete the assignment.
 - Section 1 – Company summary
 - Provide a summary of your report's findings with key stats and figures (e.g. price target, growth % assumption, major headwinds, etc.)
 - Section 2 – Company Background
 - Summarize the company, what it does, and how it makes money. Include information about the company's financial performance.
 - Section 3 – Macro & Industry factors
 - Explain the macroeconomic and industry environment the company is currently operating under.
 - Section 4 – Outlook
 - Describe market expectations, forward guidance, and define the future outlook for the company.
 - Section 5 – Risk
 - Identify and describe risks to the outlook, the company, and its industry.
 - Section 6 – Important Events
 - List important upcoming dates such as earnings, major industry events, etc.

Assignment 2: Industry Comparable Company Analysis

- Utilizing the research that you have conducted, create a comparable company analysis on the target security on Excel. Justify the comparable company selections you have made. Identify and clearly show important multiples and metrics that the market is using to value the target security. Generate a price target based on the multiples and/or other metrics you find appropriate. Prepare to discuss the methodology used for your valuation. Cite your personal research, company filings, and equity research reports.

Assignment 3: Basic earnings model and discounted cash flow analysis

- Create a basic earnings model on the target security. Include quarterly and annual information from the last 3-5 fiscal years. Project the income statement for the next 5 fiscal years using your research summaries and the methods discussed in the course. Prepare to justify your projections. Note key items to derive a target price based on a discounted cash flow. Prepare to discuss the valuations derived from this assignment as well as Assignment 2.

Final Assessment: Discussion and Test

- There will be a 1 on 1 discussion focused on the target security and the three assignments you have completed. Prepare to demonstrate a clear understanding of the research performed. Exhibit linear and consistent logic when interpreting the financial projections that have been made. To conclude the program, a timed valuation modeling test will be administered.