

**SIMON FRASER UNIVERSITY**  
*Faculty of Business Administration*

**TAKE HOME FINAL EXAM**

BUS 417-3 Security Analysis  
Prof. Geoffrey Poitras

22-2

**EXAM INSTRUCTIONS:** Answer to final exam is to be typed, single spaced, of maximum length **400 words** of text. There is no page constraint for the number of exhibits. Relevant information in exhibits are to be identified in the text. Exam is due no later than 3:30 PM Aug. 14, 2022 and submitted to [poitras7@sfu.ca](mailto:poitras7@sfu.ca). Violations of the word count limit will be subject to deductions. Late assignments will be assessed a 2% reduction per hour or part thereof.

**EXAM DURATION: TWENTY-FOUR HOURS**

The relative value or 'Wall Street' approach to security analysis used in the group presentations ignores key features needed to calculate an *intrinsic value*. The requirement for the final exam is to use the techniques of fundamental analysis to estimate an intrinsic value for the assigned stock and compare this value to the observed market price to identify if the assigned security is eligible for purchase. While relative value security selection aims to determine the 'best' stock to purchase in a given sector, the intrinsic value approach goes beyond relative value analysis to **also** evaluate the prospects for a specific sector and for the macro-economy to determine whether a security is fairly priced. (Hint: Recalling the mantra that 'all security analysis involves the use of financial statements', try to qualitatively and quantitatively identify a margin of safety for whether the assigned equity security is eligible for purchase.)