

SIMON FRASER UNIVERSITY
Faculty of Business Administration

TAKE HOME FINAL EXAM

BUS 417-3 Security Analysis
Prof. Geoffrey Poitras

23-2

Academic Honesty: This assignment is individual work. Students are required to follow requirements of S10.01, especially Appendix A (see class web page for link).

EXAM INSTRUCTIONS: Answer to final exam is to be typed, single spaced, of maximum length 400 words of text. There is no page or number constraint for exhibits. Relevant information from exhibits is to be identified in the text of the answer. Exam is due no later than 12:00 PM Aug. 9, 2023 and submitted to 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, e.g., 11.5 hours late will have a 24% reduction.

EXAM DURATION: TWENTY-FOUR HOURS

The relative value or 'Wall Street' approach to equity 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 the intrinsic value for the assigned equity security and compare this value to the observed market price to identify if the assigned security is eligible for purchase. While relative value equity security selection aims to determine the security that is the 'best' value for 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 eligible for purchase at the current price. (Hint: Be sure to identify the margin of safety rationale used to determine whether the assigned equity security is eligible for purchase.)

NOTE: All other course requirements (assignments, writeup, pretest) are subject to the same late penalties if not submitted by the final exam due date time.