

**Loyola University Chicago
Quinlan School of Business
Investment Banking - Fin 556
Winter Quarter 2018/2019**

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Overview: This course will provide an overview of investment banks. The role of investment banking, equity capital markets, debt capital markets, research, sales and trading will be covered. Basic corporate finance techniques will be introduced. Case studies will be utilized. The key objective of this course is for students to obtain a solid understanding of the various disciplines within the investment banking field. We will also focus on the functional role of an analyst working at an investment bank. The course is well suited for students who are contemplating a career in investment banking, investments, or corporate finance, as well as those who wish to broaden their understanding of financing activities and transactions in the realm of investment banking. This course provides a broad overview of the activities of investment banks. We will analyze current trends in the industry, including key measures of success. We study venture capital markets, stock and bond underwriting, mergers and acquisitions, foreign markets, trading, asset securitization, financial engineering, money management and securities regulation. Ethical and legal considerations relating to the topics and industry will be discussed as relevant.

Texts/Books: The Business of Investment Banking, by K. Thomas Liaw. This text is recommended. Investment Banking, Valuation, Leveraged buyouts and M&A by Rosenbaum and Pearl is a source but not required. We will use this book as a basis for financial analysis and valuation. The course schedule lists the reading assignments for each class session. I recommend you complete the readings before class. We will also discuss relevant articles in the Wall Street Journal.

Also, “The Accidental Investment Banker” by Jonathan Knee— we will have a quiz on this book.

Cases: I have chosen selected 5 cases to supplement the text and encourage class discussions. You can choose 4 of the five cases for grading. Each case you submit has a question set that is weighted 5%. A one-to-two page response to each set of questions should be handed in or emailed to me prior to the designated classes. The purpose of the questions is to ensure comprehension of the cases and to facilitate class discussion. Questions can be answered individually, or done in groups up to 4 people. The cases can be found:

<https://hbsp.harvard.edu/import/572147>

Presentation: You will form teams of 2-3 students per group, each representing a selected investment bank. Each team will propose and analyze a transaction idea (IPO, follow-on equity offering, debt restructuring, merger, acquisition, etc.) for a U.S. public company (that you decide upon) and teams will prepare a thorough powerpoint presentation and any supporting materials to “pitch” the deal and your firm’s capabilities to the company’s CEO/CFO (Instructor) and board of directors (the class). Your presentation should be 20 to 30 minutes long, including Q and A; it may take any form. I encourage you to be creative. Your proposed transaction should be an original idea: if I do a google search and find an article or analysis of that proposed transaction, you cannot use it. Presentations will be scheduled weeks 7-9. **You should meet with me before you are scheduled to present.** I will review your talk and you should plan to distribute any materials you wish to make available to the class. Each team member will provide confidential feedback to me indicating the participation and contribution from each team member. If there is group consensus a team member contributes less than a fair share, that team member will be penalized on their class participation grade.

Participation: Active participation is an important part of this course. I encourage you to ask questions and share comments freely. Quality trumps quantity. Please bring your name tents to each class. You will be expected to read the Wall Street Journal and to stay abreast of the financial markets and key events affecting Wall Street firms.

Attendance: Students should demonstrate respect for the Instructor and fellow students during the class period by refraining from distracting behavior such as loud eating, side conversation or using electronics such as laptops to search the Web or check email. No cell phone usage in class.

The text book will be used as support material to accompany class notes. In addition, discussions in class are part of the syllabus for exams. In cases you are absent from class when materials are handed out, you will be responsible for obtaining a copy and make sure you are aware of the detailed discussion held. I may also hand out and discuss extra reading material consisting of reading material consisting of articles relevant to the course.

Make-up exams: Make-up exams are very difficult to administer in a way fair for the entire class, so the policy for the course is no make-up exams.

Grades: Course grades will be determined by weighting class activities:

Presentation:	25%	Participation:	20%
Final Exam:	25%	Case studies:	20%
Mid-term quiz	Accidental IB		10%

Scale: A, 93-100; A-, 90-92.9; B+, 87-89.9; B, 83-86.9; B-, 80-82.9; C+, 77-79.9; C, 73-76.9; C-, 70-72.9; D+, 67-69.9; D, 60-66.9; F, 59 and below.

Please note: This class may deviate from the course outlined above. The instructor reserves the right to make changes as needed to the course syllabus.

Course Outline

Date	Topic	Readings	Class Activities/Presentations
Week 1	Fundamentals of Investment Banking	Text: chapters 1-4	In class Exercise Goldman Sachs
Week 2	IB Trends Financial Statement Analysis	Case –* Investment Banking in 2008(A): Rise and Fall of Bear Stearns by Stowell. Case: *Supplement IB in 2008 (B): A brave new world by Stowell Note: <u>Financial Statement Analysis</u> by David Hawkins; November 2010	Valuation techniques: comparable company analysis problem sets
Week 3	Role of Valuation	Note: Business Valuation and the cost of capital HBS publication by T. Luerhman Nov. 2009 Case: *Eskimo Pie Corp. HBS Publication Richard Ruback	In class Exercise: Comparable company analysis, DCF tools and problem sets
Week 4	Stock Underwriting/IPOs/VCS	Text: chapter 6 and 8 Case – *Prada: To IPO or not to IPO: that is the question again by S. Sapp Sept. 2012	“Deal Pitches” — an overview
Week 5	Merger and Acquisitions	Text: chapter 7 Case: *Wasserrstein giving great advise, HBR Reading: Business Valuation in M&A, Darden, Schill, Oct.2013	Merger deal: CIBC acquires PrivateBank
Week 6	Foreign Markets	Text: chapter 11 and 17, 18	Quiz on The Accidental Banker

Week 7	Debt Underwriting/Asset Securitization Trading/Capital Markets	Text: chapter 9,10 Chapter 11,12	Group Presentations
Week 8	Money Management/Research	Text: chapter 15	Group Presentations
Week 9	Regulation Ethics	Text: chapter 16 Case – *Accounting Fraud at WorldCom, HBS, R.Kaplan; Sept. 2007	Group Presentations
Week 10	FINAL EXAM		

*written case analysis

This schedule is subject to change.