# FIN 685 Final Project Guidelines and Rubric

## Overview

The final project for this course is the creation of an **analysis and recommendations paper**.

Risk management is the process of identifying, analyzing, and either accepting or mitigating uncertainty in investment decision making. Risk management occurs everywhere in the financial world: when an investor buys low-risk government bonds over more risky corporate debt, when a fund manager hedges their currency exposure with currency derivatives, and when a bank performs a credit check on an individual before issuing a personal line of credit.

As a financial analyst or advisor who may be advising organizations and/or individuals on effective investment strategies, it is crucial that you understand the sources of risk and how to avoid, minimize, or mitigate risk in order to achieve the investor's objectives.

The purpose of this final project is for you to demonstrate what you have learned about risk management in a real-world context. You will demonstrate through this project your ability to comprehensively analyze a company as a potential investment opportunity, based on its level of risk and your knowledge of risk mitigation and management techniques. This skill set will serve you well whether you are a managing within a firm, acting as an external consultant to an organization, or handling your own personal investment strategies.

The project is divided into **three milestones**, which will be submitted at various points throughout the course to scaffold learning and ensure quality final submissions. These milestones will be submitted in **Modules Three, Five, and Seven.** The final submission will occur in **Module Nine.**

In this assignment, you will demonstrate your mastery of the following course outcomes:

- Determine appropriate asset allocation strategies for ensuring optimal portfolio diversification
- Analyze organizational characteristics of potential investment opportunities for identifying investments that meet asset allocation and portfolio diversification needs
- Assess risk associated with potential investment opportunities for ensuring informed investment decision making that balances risk with return
- Propose risk management strategies appropriate to business-specific scenarios for maximizing return
- Select appropriate long-term investments from potential opportunities that minimize risk while maximizing return

## Prompt

For this final project, you will research a publicly-traded company of your choice to analyze it as a potential investment opportunity. In your analysis, you will examine risk and techniques for managing it, and synthesize your research and analysis in determining if the company is a feasible investment opportunity.

Specifically, the following **critical elements** must be addressed:

I. **Introduction**: Provide a brief overview of the company you have selected with regard to its potential as an investment opportunity. Be sure to include the following items in your overview:
   a) What is the **size** of the company relative to other companies in the industry, both currently and historically?
   b) What is the company's **leadership position** in its industry? In other words, is this company considered a leader or a follower? Be sure to defend your response.
   c) What is the financial position and **profitability** of the company, both currently and historically?
   d) Analyze the company's **major product lines**. How important are these major products in generating the company's revenues? What level of success have the products enjoyed in the marketplace? What is the implication of this on the feasibility of the company as a potential investment opportunity? Consider discussing the interrelationship among product lines, revenue, and investment potential, and be sure to defend your reasoning.

II. **Investment Analysis**
   a) What is the **perception** in the market of this company's stock?
   b) How would you view this stock as an **individual** investor? Why?
   c) What **asset allocation strategy** might you recommend for including this company's stock in a portfolio? Be sure to justify your recommendation(s).
   d) How do you feel a **portfolio manager** would treat this stock and others from the same industry from an asset allocation perspective? What leads you to this conclusion?

III. **Risk Analysis**
   a) What is a **specific risk** that you have identified as relevant to this company, its product(s), and its industry?
   b) As which **type** of risk would you classify it? In other words, is it considered stand-alone, corporate, or market risk? Be sure to defend your reasoning.
   c) What do you feel is the **impact** of the risk with regard to the company's external environment (i.e., economic trends, regulatory landscape, and competition), as well as its internal environment (i.e., people, process, and infrastructure)?
   d) To what extent do you feel this risk can be effectively **balanced** with return? Be sure to justify your reasoning.

IV. **Risk Management Strategies**
   a) What risk management **technique** do you feel would be most appropriately employed to minimize or mitigate the effect(s) of this risk? Why?
   b) Similarly, what strategies might you suggest for **maximizing** return in the face of this identified risk? Why?
   c) What recommendations would you make in terms of determining the **effectiveness** of these risk/return management measures over time? Be sure to justify your recommendations.

V. **Feasibility** as an investment opportunity
   a) Calculate **one** standard financial **ratio from each** of the broader categories of leverage, liquidity, operating, profitability, and solvency ratios for the company.

b) **Compare** the ratios you calculated for your company to those of its competitors/industry average, and identify discrepancies that you find. For example, an analysis of Coca Cola should include a comparison with PepsiCo, since these two companies are similar in size and scope.

c) Analyze the ratio **discrepancies** between your selected company and its competitors, and explain why you feel these discrepancies exist, as well as their impact on the company's potential as an investment opportunity. Be sure to defend your reasoning.

d) What do you feel are your selected company's **strengths** and **weaknesses** as a potential investment opportunity? What is it doing well? What do you feel are some areas in need of improvement? Be sure to defend your rationale.

VI. **Conclusion**: Based on your overall analysis, would you recommend your selected company as an investment opportunity over its competitors? Be sure to justify your rationale.

# Milestones

Milestone One: *Draft of Introduction (Section I) and Feasibility (Section V)*
In **Module Three,** you will submit **a draft of the Introduction section (I) and the Feasibility section (V) of the final project**. In Milestone One, you will introduce the company, its leadership, products, and services. Additionally, you will run a financial ratio analysis (picking one ratio in each category of ratio) and compare the results to an industry peer's ratios. You will then analyze the strengths and weaknesses of the company based on the ratio analysis. **This milestone is graded with the Milestone One Rubric.**

Milestone Two: *Draft of Risk Analysis (Section III) and Risk Management Strategies (Section IV)*
In **Module Five,** you will submit **a draft of the Risk Analysis section (III) and the Risk Management Strategies section (IV) of the final project**. In Milestone Two, you will analyze the different risks that the company faces and the impact of these risks in regards to the company's environment. Additionally, you will recommend risk management techniques that minimize the risk and maximize the return for the company. **This milestone is graded with the Milestone Two Rubric.**

Milestone Three: *Draft of Investment Analysis (Section II) and Conclusion (Section VI)*
In **Module Seven,** you will submit **a draft of the Investment Analysis section (II) and the Conclusion section (VI) of the final project**. In Milestone Three, you will evaluate the perception of the company's stock and offer recommendations on this stock to potential investors and portfolio managers. Additionally, the study will provide a conclusion and overall recommendation as to whether the company is a good investment opportunity. **This milestone is graded with the Milestone Three Rubric.**

Final Submission: *Analysis and Recommendations Paper*
In **Module Nine,** you will submit your final project. It should be a complete, polished artifact containing **all** of the critical elements of the final product. It should reflect the incorporation of feedback gained throughout the course. **The final submission is graded with the Final Project Rubric.**

## Deliverables

| Milestone | Deliverable | Module Due | Grading |
|-----------|-------------|------------|---------|
| One | Draft of Introduction (Section I) and Feasibility (Section V) | Three | Graded separately; Milestone One Rubric |
| Two | Draft of Risk Analysis (Section III) and Risk Management Strategies (Section IV) | Five | Graded separately; Milestone Two Rubric |
| Three | Draft of Investment Analysis (Section II) and Conclusion (Section VI) | Seven | Graded separately; Milestone Three Rubric |
|  | Final Submission: Analysis and Recommendations Paper | Nine | Graded separately; Final Project Rubric |

## Final Project Rubric

**Guidelines for Submission:** Your analysis and recommendations paper should be 15–20 pages long. It should be formatted in 12-point Times New Roman font, double-spaced, with one-inch margins. All citations and references should be formatted according to the most current APA guidelines.

| Critical Elements | Exemplary | Proficient | Needs Improvement | Not Evident | Value |
|-------------------|-----------|------------|-------------------|-------------|-------|
| **Introduction: Size** | Meets "Proficient" criteria and utilizes industry-specific language to establish expertise (100%) | Describes the size of the company relative to other companies in the industry, both currently and historically (90%) | Describes the size of the company relative to other companies in the industry, both currently and historically, but response is cursory or inaccurate (70%) | Does not describe the size of the company relative to other companies in the industry, both currently and historically (0%) | 4.85 |
| **Introduction: Leadership Position** | Meets "Proficient" criteria and utilizes industry-specific language to demonstrate expertise (100%) | Assesses the company's leadership position in the industry and defends response (90%) | Assesses the company's leadership position in the industry, but response or defense is cursory, illogical, inaccurate, or weak (70%) | Does not assess the company's leadership position in the industry (0%) | 4.85 |
| **Introduction: Profitability** | Meets "Proficient" criteria and utilizes industry-specific language to demonstrate expertise (100%) | Describes the company's financial position and profitability, both currently and historically (90%) | Describes the company's financial position and profitability, both currently and historically, but response is cursory, illogical, or inaccurate (70%) | Does not describe the company's financial position and profitability both currently and historically (0%) | 4.85 |

| Criteria | Exemplary (100%) | Proficient (90%) | Needs Improvement (70%) | Not Evident (0%) | Value |
|---|---|---|---|---|---|
| **Introduction: Major Product Lines** | Meets "Proficient" criteria and demonstrates exceptional insight into the interrelationship among product lines, revenue, and investment potential (100%) | Analyzes the company's major product lines in terms of the company's feasibility as an investment opportunity and defends reasoning (90%) | Analyzes the company's major product lines in terms of the company's feasibility as an investment opportunity, but response or reasoning is cursory, illogical, or weakly defended (70%) | Does not analyze the company's major product lines in terms of the company's feasibility as an investment opportunity (0%) | 4.85 |
| **Investment Analysis: Perception** | Meets "Proficient" criteria and description reflects a particularly insightful assessment of the market's perception of the company's stock (100%) | Reasonably characterizes the perception in the market of the company's stock (90%) | Characterizes the perception in the market of the company's stock, but response is cursory or illogical (70%) | Does not characterize the perception in the market of the company's stock (0%) | 4.85 |
| **Investment Analysis: Individual** | Meets "Proficient" criteria and demonstrates exceptional insight into individual investing (100%) | Reasonably characterizes how stock would be viewed from an individual investor's viewpoint and explains why (90%) | Characterizes how stock would be viewed from an individual investor's viewpoint, but response is cursory, illogical, or weakly defended (70%) | Does not characterize how stock would be viewed from an individual investor's viewpoint (0%) | 4.85 |
| **Investment Analysis: Asset Allocation Strategy** | Meets "Proficient" criteria and demonstrates exceptional insight into the value of asset allocation (100%) | Recommends an asset allocation strategy for including company's stock in portfolio and justifies recommendation (90%) | Recommends an asset allocation strategy for including company's stock in portfolio, but response or justification is cursory or illogical (70%) | Does not recommend an asset allocation strategy for including company's stock in portfolio (0%) | 4.85 |
| **Investment Analysis: Portfolio Manager** | Meets "Proficient" criteria and demonstrates exceptional insight into the value of asset allocation (100%) | Reasonably characterizes how a portfolio manager would treat this company's stock and others from the industry from an asset allocation perspective and explains conclusion (90%) | Characterizes how a portfolio manager would treat this company's stock and others from the industry from an asset allocation perspective, but response or explanation of conclusion is cursory or illogical (70%) | Does not characterize how a portfolio manager would treat this company's stock and others from the industry from an asset allocation perspective (0%) | 4.85 |
| **Risk Analysis: Specific Risk** | Meets "Proficient" criteria and demonstrates keen insight into risk identification and classification (100%) | Reasonably characterizes risk associated with the company, its product(s), and its industry (90%) | Characterizes risk associated with the company, its product(s), and its industry, but response is cursory, illogical, or inaccurate (70%) | Does not characterize risk associated with the company, its product(s), and its industry (0%) | 4.85 |

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| **Risk Analysis: Type** | Meets "Proficient" criteria and demonstrates keen insight into risk identification and classification (100%) | Classifies type of risk and defends reasoning (90%) | Classifies type of risk, but response is illogical, inaccurate, or weakly defended (70%) | Does not classify type of risk (0%) | 4.85 |
| **Risk Analysis: Impact** | Meets "Proficient" criteria and cites specific, relevant examples of the impact of risk that establish a robust context for the analysis (100%) | Analyzes the impact of the identified risk (90%) | Analyzes the impact of the identified risk, but response is cursory or illogical (70%) | Does not analyze the impact of the identified risk (0%) | 4.85 |
| **Risk Analysis: Balanced** | Meets "Proficient" criteria and demonstrates exceptional insight into balancing risk and return (100%) | Assesses the extent to which the risk can be effectively balanced with return and justifies reasoning (90%) | Assesses the extent to which the risk can be effectively balanced with return, but response or reasoning is cursory or illogical (70%) | Does not assess the extent to which the risk can be effectively balanced with return (0%) | 4.85 |
| **Risk Management Strategies: Technique** | Meets "Proficient" criteria and demonstrates exceptional insight into risk management techniques (100%) | Recommends risk management technique for most appropriately minimizing or mitigating the effect(s) of identified risk and explains why (90%) | Recommends risk management technique for minimizing or mitigating the effect(s) of identified risk, but recommendation or reasoning is cursory or illogical (70%) | Does not recommend risk management technique for minimizing or mitigating the effect(s) of identified risk (0%) | 6.47 |
| **Risk Management Strategies: Maximizing** | Meets "Proficient" criteria and demonstrates exceptional insight into balancing risk and return (100%) | Suggests strategies for maximizing return in the face of the identified risk and explains why (90%) | Suggests strategies for maximizing return in the face of the identified risk, but suggestion or reasoning is cursory or illogical (70%) | Does not suggest strategies for maximizing return in the face of the identified risk (0%) | 6.47 |
| **Risk Management Strategies: Effectiveness** | Meets "Proficient" criteria and demonstrates exceptional insight into effectiveness measurement (100%) | Makes appropriate recommendations for determining effectiveness of risk/return management measures over time (90%) | Makes recommendations for determining effectiveness of risk/return management measures over time, but recommendations are cursory or illogical (70%) | Does not make recommendations for determining effectiveness of risk/return management measures over time (0%) | 6.47 |

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| **Feasibility: One Ratio From Each** | | Accurately calculates standard financial ratios from each category for the company (100%) | Calculates standard financial ratios from each category for the company, but with gaps in accuracy or detail (70%) | Does not calculate standard financial ratios from each category (0%) | 3.88 |
| **Feasibility: Compare** | | Compares calculated ratios for the company to those of its competitors/industry average and identifies discrepancies (100%) | Compares calculated ratios for the company to those of its competitors/industry average and identifies discrepancies, but with gaps in accuracy or detail (70%) | Does not compare ratios or does not identify discrepancies (0%) | 3.88 |
| **Feasibility: Discrepancies** | Meets "Proficient" criteria and cites specific, relevant examples that establish a robust context for the analysis (100%) | Analyzes ratio discrepancies between company and its competitors and explains why they exist and their impact on the company's potential as an investment opportunity and defends reasoning (90%) | Analyzes ratio discrepancies between company and its competitors, but response or reasoning is cursory or illogical (70%) | Does not analyze ratio discrepancies between company and its competitors (0%) | 3.88 |
| **Feasibility: Strengths and Weaknesses** | Meets "Proficient" criteria and cites specific, relevant examples that establish a robust context for the analysis (100%) | Analyzes selected company's strengths and weaknesses as a potential investment opportunity and defends rationale (90%) | Analyzes selected company's strengths and weaknesses as a potential investment opportunity, but response or defense is cursory or illogical (70%) | Does not analyze selected company's strengths and weaknesses as a potential investment opportunity (0%) | 3.88 |
| **Conclusion** | Meets "Proficient" criteria and makes novel insights into the company as an investment vehicle (100%) | Explains if selected company would be recommended as an investment opportunity over its competitors and justifies rationale (90%) | Explains if selected company would be recommended as an investment opportunity over its competitors, but response or justification is cursory or illogical (70%) | Does not explain if selected company would be recommended as an investment opportunity over its competitors (0%) | 3.88 |
| **Articulation of Response** | Submission is free of errors related to citations, grammar, spelling, syntax, and organization and is presented in a professional and easy to read format (100%) | Submission has no major errors related to citations, grammar, spelling, syntax, or organization (90%) | Submission has major errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas (70%) | Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas (0%) | 2.99 |
| | | | | **Earned Total** | **100%** |