

# THE GLOBAL PRODUCT CERTIFICATION PROGRAM

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## E301: Advanced Fundamental Analysis

### OBJECTIVE

This seminar focuses on advanced equity analytical functions. We will be looking at functions that estimate, from past data, the projected price movement of an equity relative to that of an index or another equity, the intrinsic value of an equity, the risk of bankruptcy, also the implications of changes in capital structure.

### FA

FA displays financial analysis statements for a selected company. You can use FA to analyze the current fundamental strength and historical trends in specific areas of a company's balance sheet, income statement, and cash flow statement. Data transparency – click back to the source document for instant insight into the numbers.

### BR

Use BR to access research provided by contributors. BR categorizes research by company, portfolio, equity, and fixed-income/economic related stories. BR also lists several companies as additional sources of research information.

### BETA

BETA displays the historical volatility of a selected equity compared to a broad based market index. You can use BETA to help determine an equity's risk level. The beta is an essential calculation in computing the weighted average cost of capital.

### CRP

CRP displays the country risk premium, which is a country's expected market return minus the corresponding risk free rate, for all countries/regions that are currently available. The market return is calculated by taking a capital weighted average of the internal rate of return over all the members of the country's major index.

### EQRP

Use EQRP to calculate the expected additional return (equity risk premium) sought above a specific country/region's risk-free rate when investing in a selected equity. You can use EQRP to help measure the relative risk/reward of investing in a selected equity and/or equity market.

### WACC

WACC displays a selected company's current capital structure. You can use WACC to calculate the approximate cost of a company increasing their long-term capital and the economic impact on shareholder value. WACC shows whether a company has been increasing or destroying shareholder value. The above functions are essential to the calculation of WACC.

### DDM

DDM calculates the intrinsic value of a selected equity using the present value of future cash flows discounted at an appropriate rate. You can compare this theoretical value to the current price of the equity to determine whether it is under or overvalued.

### AZS

AZS forecasts the probability of a selected company entering bankruptcy within the next two years. You can use AZS to evaluate the general financial condition of a company and the associated risk of investing in the selected security. You can bring this value into Excel to see a historical trend.

### QSRC

You can use QSRC to find equities that meet your fundamental and technical criteria. In particular the Historical Growth Expression Builder can be used to screen equities to locate those that have a consistent record in terms of your key fundamental ratios.

