

Paper

by Finance Research

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Introduction

This research paper aims to search for the finest possible venture option for an investor or client. In the initial stage, importance behindhand the openly traded firm chosen as an asset has to be considered trailed by defining the contour of an investor to find out whether the chosen firm is the finest fit for their contour. In case of the study, monetary ratios will be considered as part of a tool to regulate the financial strength of a firm chosen for the asset. The last stage will address investigation and data on the risk level pertaining the investment and possible strategies to be adopted to reduce the impact of the risk. After the last phase, endorsement will be noted down for the excellent of investment to the shareholder for their chance to invest.

Justification for the stock designated, showing the substantial economic, financial, and other aspects that dictated the choice of the stock

As a fiscal executive, it's my key duty to do an exploration reserves on behalf of my clients that suit their venture goal. In the course of my exploration, I have discovered that AT&T Inc. would be a perfect shares assets for my client. There are some grounds why I recommend AT&T to my investor. One, the company ordinary stock exists listed on the stock exchange of New York. In the last four years, AT&T informed consolidated returns of \$130.4 Billion.

AT&T is the world's biggest company dealing with communication logistics. It globally undertakes its operations under AT&T brand. Am confident to give one of the world's highly advanced and also powerful global crucial networks. It carries approximately 82.2 petabytes of statistics on an ordinary commercial day to almost every country and across the continent. AT&T offers a reliable network which serves a number of clients and facilitates them to move and make communication with the good wireless exposure; it also addresses many of the headsets that operate in the almost every country.

AT&T Company gives speech coverage in over 220 countries; data wandering in over 200 countries and with third generation connectivity in over 168 countries. AT&T TV gives a thrilling option to shackle with a good DVR, features, TV experience and good features. To add on, AT&T happens to be the first in the US it initiates the assimilated cable less receiver, which allows clients to walk around and even manage to view their TV practically everywhere, even at places where there are no TV outlets and their homes too (Asquith & Weiss, 2016).

AT&T operates and also owns approximately 34,000 hotspots at specific popular locations like bookstores, restaurants, motels and many more. AT&T clients can contact more than a one million hotspots via roaming agreements. AT&T is one of the sphere's biggest provider of IP-hinged communication facilities for restaurants, bookshops, and business in general. Besides, it also provides voice over IP, virtual private network among others. All hosted by innovative security and also client support capabilities. AT&T Inc. The company is a worldwide leader offering a whole collection of highly secure and dependable network, data, voice and IP solution to general sellers clients and its services range has been extensively opted for by third participants as business-leading.

Based on research for the past ten years, AT&T Inc. assets are very dependable and would serve to be a great future and current assets. In the past, AT&T Inc. was considered what is commonly referred to as growth stock; the stock rate was always above average in comparison to others in the same market. To-date as my recommendation to the investor, AT&T Inc. is seen as a value play. AT&T Inc. price/earnings ratio of around 13 is almost a ten years now, and the company now has got lower valuation compared to large-cap with fair earning growth. Although AT&T Inc. Stock assumed a drop from its historic past of high-value dollar, am convinced that the investment is still the reliable and right choice. AT&T Inc. is a groundbreaking and innovative

company that has come up with the most wonderful and amazing technological services to-date. I chose this stock for my investor not only because it has a very strong economic and financial standing but rather what the company believes regarding ethics (Gitman, Juchau, & Flanagan, 2015).

Main reasons why the chosen stock is a good investment for your Customer. Include an account of your customer's profile

Once an advisor gets information concerning the goal of his client and also financial situation, he or she is entitled to commence making up recommendation pertaining investment. The whole process commences with selecting an appropriate location for an asset. A client's profile includes details of exactly what the client is looking for. For instance, a less volatile strategy of investment compared to a traditional bond and stock portfolio. They are ideally looking for cover from the long-term decline in bonds and stock market while taking advantage of possible investment opportunities in the short term to give investment gain. For the most of clients, preservation of capital and also purchasing power are fundamental concerns.

My customer owns a gym; his main aim is to be able to expand to other areas where they have strong cash flows. However, he wants to see if he can invest in dividends to increase cash flow for the new expansion. I settled on this company that seems to be performing well in the stock market. My client who at one point worked as CEO of a great company, he understands very well the importance of presenting a strong financial presence in the market. As a CEO, my client performed duties like development and implementation of high-level strategies, executing key corporate decisions, managing operations in general and acting as the main point of contact between the company and stakeholders. Ideally, that means that my client has a wider range of investment knowledge. Therefore wide research is required for my advice to remain relevant.

My company of choice is a company that has got many sections as far as electronics and technology wireless products among many other products. Considering last year, AT&T Inc grew revenue, increased earnings and expanded margins. It happened to be one in years where the company had experienced transformation in her history.

AT&T Inc. also got very strong free cash flow as we focus on investing for growth and also return value to holders of shares. In the coming of three years, AT&T Inc anticipates that their strategy will be of help in delivering consisted revenue growth, expansion of margin and increase earnings per share growth. The latter is also a good investment for my client because it will require a clear communication in its business operations. With AT&T Inc. they will gain more than that.

The other good news is that the stock also pays dividends quarterly to its shareholders and aims to achieve the maximum dollar for their shares. The key reason as to why I advocated this stock is the fact that it has all these features. It is always advisable to venture into stocks that give an easy to comprehend, straightforward company model of business. Also one has to invest in companies which are splendid in the variety.

Those are the companies which have established brands or that have great prospects in emerging brands. However, the past Investment axiom, that past earnings don't mirror future output is true and often repeated it can be misleading too. For an asset to be able to meet the standards for the capitalizing strategy it has to be a robust player in the past. That is to say; it does not have to be performing or up there or even for some years past. But rather the long term chart has to be very much compelling (Gitman, Juchau, & Flanagan, 2015).

Wisdom dictates that one has to invest in mid-cap and also large cap companies which do pay up dividends. If you aim at buying stocks that fits well with the framework, then consider

moreover on critical fair pullbacks or when the shares are emerging out from a huge amalgamation base.

Five (5) financial ratios acquired pertaining the text. Analysis of the last three (3) years of the chosen monetary ratios for the firm; you may get this data from the firms' financial accounts. Analyze the firm's financial health.

Debt ratio

The debt ratio is a financial ratio that shows extend to which company influence. The liability ratio is equated as entire debt to total stocks, and it is shown regarding percentage or even decimal. The greater the ratio of debt, the more a company is said to be influenced hence a greater financial uncertainty. At the same point, influence is a critical tool that organizations make use to nurture, and most companies do find justifiable uses for obligation. Debt ratio does change across companies with business which capital demanding like pipeline and utilities are having a higher obligation ratio compared to other companies like technology industries. For instance, if an organization has got a total asset of like \$110 million and a debt amounting to \$31 million, then its ratio of debt is 31%. With this debt ratio, it can be too high depending on the sector. A 30% may be somehow high for a company with volatile cash flow whereby most of the business assume a little debt.

A company with a higher ratio of debt about its peers can be expensive to borrow and probably land itself in a crash in case situations do change. A debt ratio which is higher than 100% implies that a company has got more debt compared to its asset. However, the ratio of debt which is less than 98% indicates that the firm has got higher number of assets to debts. The ratio of debt is used to measure the monetary health of a business, and therefore it can aid investors to know

company's level of risk. For my company of choice AT&T, I will analyze its debt ratio to determine how healthy it is for my client for investment (Brigham & Ehrhardt, 2014).

Earnings per share

This is the part of the firm's revenue set aside for every share of the ordinary or common stock. Generally, Eps serves to show profitability of a company. Eps is very fundamental variable in realizing the price of a share. At times, the number of the outstanding shares is subject to changes and hence the total revenue of a firm may not be used as a measure for investor's profitability.

Annual income statement, (values in 000's)

Year	2013	2014	2015
Debt ratio	50.6%	57.6%	44.1%
Ratio of earning to fixed charges (\$)	2.38	1.25	3.43
Return on equity %	7.03	12.78	12.78

Liquidity ratio

The ratio explains the capability of a given firm to be able to settle obligations and probably its verge of safety via simulations of metrics like quick ratio, current ratio and operating flow of cash ratio. Current debts are handled about liquid assets to determine the short-term debt coverage in cases of emergency. Liquidity ratio is fundamental when used comparatively. The analysis can be done internally or even externally. Internally, involves utilization of some accounting periods which have been reported using the similar accounting approach. A comparison of the previous period and present operation gives analyst an opportunity to follow possible changes in a business. A high ratio of liquidity shows that a company is liquid and regarding coverage, it is better.

Therefore for my investment choice for my client in regards to AT&T Inc. liquidity ratio will give us the health status of the company hence explain the reason behind the choice.

Periods	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Current ratio	80%	95%	71%	76%
Quick ratio	74%	89%	65%	70%
Cash ratio	12%	24%	11%	16%

Profit margin

This margin is a profitability ratio equated as net revenue dividends by profit or even net income subdivided by sales. Net revenue can be resolute by considering all the firm's costs like material cost, operating cost and also tax expenses from its entire earnings. Revenue margins are reported as percentages, and basically, they ascertain how much regarding each dollar of sale a firm continues in earnings. For instance, with 25% revenue margin, it means that a firm has got a net revenue of \$0.25 for every dollar of entire revenue got.

In decision making, there are few variations of profit margin that can be used to determine more or less key elements of company's profit. Gross profit margin is one of such variation; it divides gross profit by revenue earned. However, this variation is faced by some challenges like management would have very little regarding the cost of materials. Companies without production process might have little or no cost of sales (Chen, Funahashi & Warmerdam, 2017).

Price earnings ratio

P/E values company by determining its prevailing share price in relation to its earnings per share. In decision making, P/E shows the dollar equivalence an investor can anticipate to put in a firm so as to get one dollar of the revenue generated by the company.

Therefore AT&T falling under this kind of a company, this ratio will be of great use in making up a recommendation of an investment decision (AT&T, 2016).

Gross margin	50%	52%	62%	59%
Operating margin	18%	10%	25%	11%
Pre-tax margin	12%	6%	20%	6%
Profit margin	10%	5%	15%	7%
Pre-tax ROE	19%	14%	32%	12%
After tax ROE	10%	8%	21%	9%

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Considering your financial evaluation, analyze the risk level of the capital from your investor's point of view. Show key policies that you may adopt to reduce these perceived uncertainties.

When choosing to capitalize in a given firm, it is always good to for the proprietor to know uncertainties that come along with the portfolio. It is also critical to note that however much safe asset may look, there will be always be uncertainty involved bearing in mind that the market is always unpredictable. When an understanding is achieved that no matter what the risk might be, there is course of actions that an appropriator can undertake to address the risk and offer themselves the good chances at the results that they wish to get. After an analysis of the five monetary ratios which were strong-minded to offer a good reflection of the monetary health of AT&T, the range of risk from a shareholder can be moderated (Albrecht et al., 2011).

The previous month, Moody's offered AT&T a senior notes a Baal rating. However, it portrayed an outlook which is negative. That means that the new offering will keep the company

at slightly or near the 3.0x limit as per Baal rating. Moody recommended that although the DirecTV acquisition will mount pressure on EBITDA, the prevailing weakness in wireless revenue or purchase of large asset can put an additional constraint on AT&T. It also gave a warning that the AT&T had a retained cash flow which was weak because of its dividends being very high.

AT&T long term debt increased by 56% per annual to around \$118.5 billion in the last quarter. Up to now, the current debts include \$7.6 billion in liability which in one month's time it matures. By rising by 28% to approximately \$38.3 billion. AT&T ended the part with a overall debt measured to EBITDA ratio of like 2.31, a higher one from 1.75 a year earlier.

An investor feels that their uncertainties are addressed and not a high because they do a long term investment plan. An investor's intention is not to actively engage in the trade of stock that they purchase in AT&T but rather maintain them for some years. The latter therefore helped to lower the risk to moderate. Now an investor is sure and convinced that AT&T stocks would be a normal asset uncertainty. It is therefore fundamental to think and device strategies to aid in addressing the uncertainties that the proprietor can identify. While there are some approaches existing for the investor to help address risks, I would suggest one of the best strategies which are diversification.

To mitigate the risks, diversification can be an option. Diversification is the idea of engaging some investments with the aim to minimize uncertainties. The approach will facilitate an investor to cast his risks across to address possible uncertainties that could emanate from the AT&T assets dropping radically in value. Expansion strategy will also aid with possible lack of creativity at AT&T leading the firm to failure. However, I still feel that my client's case regarding risk levels is not to worry because the EBITDA ratio is going up.

Recommendations for this asset as an opportunity to invest. Substantiate your reasoning with resources.

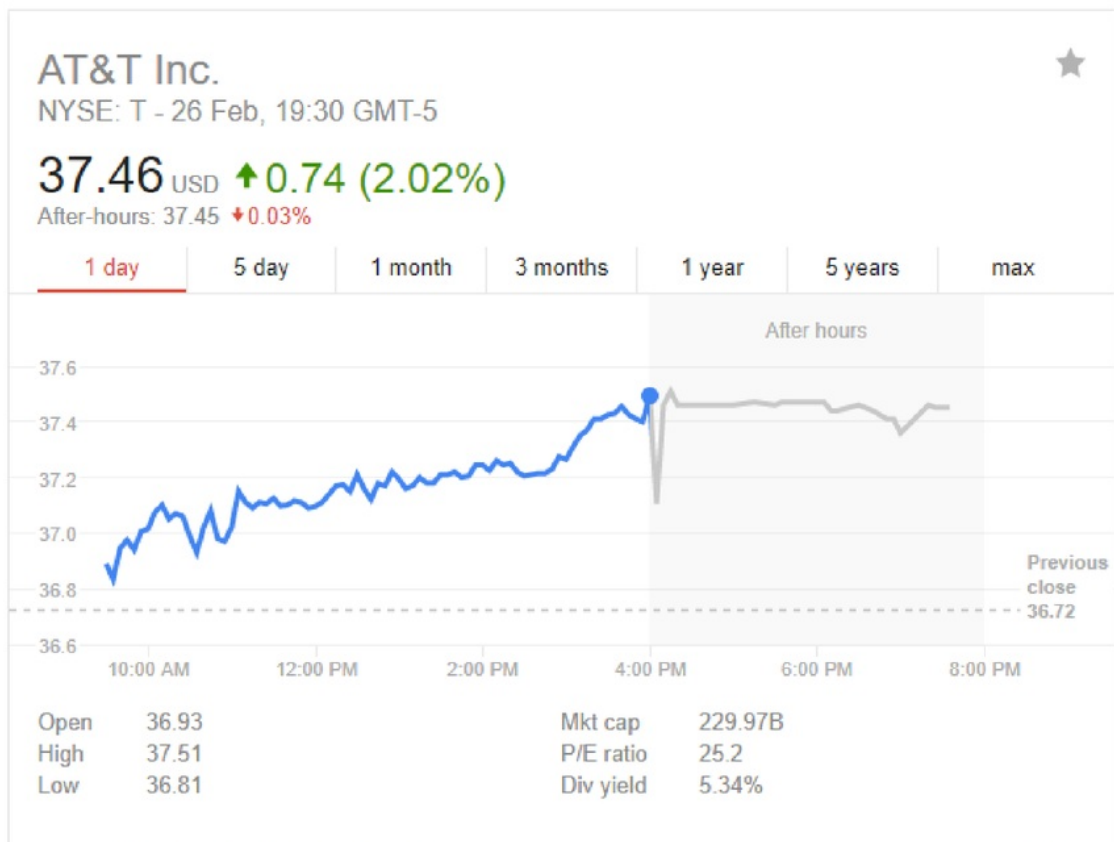
Investing in a firm is part of the strategy for a company to come up with an environment where there are resources. And ensure that their resources are right where they feel they require it and being aware how to secure their financial wellbeing is the most critical thing that they will have to consider to be successful over a period. An investor venturing in to AT&T Company needs not to be a genius secure his financial wellbeing. One has just to understand a few but basic aspects, form a bigger plan and purpose to stick with it. In this situation for an investor, needs not to have a lot in their mind but rather take a chance and put their resources in AT&T Company because it is on the rise.

My recommendations are to invest in this kind of stock; the main reason is that it offers a high dividend to the stakeholder. AT&T is one of the very best technology companies on our market today. It has a consolidated profit of \$133 billion. Common stocks of AT&T are listed in New York stock exchange. The company also happens to be a fortune 500. It is among the global largest offer of IP-based logistics services for any venture. It has an extensive regarding the asset of virtual private network, VoIP among others services. All hosted by creative security and also customer's support capabilities.

Finally, AT&T Company happens to be a world's pioneer in offering a entire portfolio of an end-to-end dependable and also a very protected network, IP solution to wholesalers clients, Voice and Data. The company's services have been widely recommended for by third parties as one of the leading in the technology industry. Therefore, as a financial manager, having gathered all the information about the best company, I would suggest that my client settles on AT&T Company stocks for long term good.

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APPENDIX 1: AT&T STOCKS AT NYSE

Google Finance - Yahoo Finance - MSN Money

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APPENDIX 2: STOCKS OF AT&T FOR THE PAST 5 YEARS

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