

Finlatics Financial Markets Experience Program

– A simple toolkit on how to go about the program

1. What is portfolio management and how should I go about it?

Portfolio management is the first task that you have to entail in the next 2 months. You have 2 lakhs as virtual money in your account and your task is to invest this proportionately to maximize returns over the next two months. There are three segments in the market:

Large Cap - This is the segment that contains the top 100 most valuable companies in India. Value of a company is determined by its market capitalization. Market Capitalization is the product of a company on basis of its current market price and number of outstanding shares in the market. A higher market capitalization typically means that the company has a higher valuation.

Mid Cap - This is the segment that contains the companies, ranked 101 - 250 in India; in terms of value; that is in terms of market capitalization.

Small Cap - This is the segment that contains the companies, ranked 251 - 500 in India; in terms of value, that is in terms of market capitalization.

The portfolio that you create at FMEP shall be covering the BSE 500 index, i.e. the top 500 companies in India.

Segment	Return Potential	Risk
Large Cap	Low	Low
Mid Cap	Medium	Medium
Small Cap	High	High

Above seems like the first challenge that you have to face and encounter; you have to create a 'balanced' portfolio, one that has a balanced risk and return counter. For this, it is important that you trade and invest in quality stocks across all segments.

2. I do not know anything about the market, how should I navigate this platform to trade and invest in quality stocks?

There is a dedicated 'Resource' section that is present on finlatics.com, which can be accessed via the top navigation bar. This section is divided into three parts: Financial Markets, Technical Analysis & DCF Valuation with Excel. This follows a video-based learning system, where each module has video lectures along with additional learning content. After going over this, you have to finish a small assessment on each of the modules.

A way to do the program could be to first go over the Financial Markets and Technical Analysis resources for the first 4 – 5 days of the program and then proceed ahead with the portfolio management aspect.

Along with formal training resources, there are many pointers to trading and investing present on finlatics.com. When you click on any company, there are six company parameters and a chart that pops up. Following are some pointers on how you can use these as pointers to trade:

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1. **Market Capitalisation** - This figure shows the average market capitalisation of the company over the last six months. An average of six months is taken to ensure a balance in valuation of the company. Even when you use the 'Sort By' filter and pick market cap, companies are sorted in terms of this value.
2. **1 year trend** – 1 year trend shows how company has fluctuated in price over the last 2 months. You can also check movements of other time periods using the company chart given. Do remember that this is historic data and whatever happens in the past does not necessarily repeat itself going ahead.
3. **Revenue (in cr.)** - This shows the annual sales of the particular company for the last financial year. A good way to use the revenue parameter is to track the company's balance sheets over the years and then see what has been the trend in the particular company. Along with this, you can also research quarterly results that has been disclosed by the company to see what has been the quarter on quarter revenue trend for the company.
4. **Profit Before Tax** - This value shows the profit of the company before deducting necessary corporate taxes. This is generally a measure of financial health. However, many companies are in loss due to expenditure on growth activities. Therefore, it is important to be updated about a company's financial health by reading more about the company. We would strongly advise to do this by reading about them on the Business Standard news feed section on the homepage and by reading other news material regularly.
5. **Earning Per Share (EPS)** - This is also a measure of profitability and shows a company's earnings per outstanding equity shares. Higher EPS indicates greater profitability.
6. **Current Ratio** - This shows whether the company is going to be able to meet its short term liabilities. A higher current ratio is better for the company.
7. **News** - An outstanding way to identify good trading and investing ideas is to read the news. The more you read the newspaper, the more equipped you shall be to perform in this program.

To know more about these parameters, you can refer to the (i) icon next to a terminology in all screens.

Lastly, the portfolio management part of the program is for you to try out new trading and investing ideas in a risk-free manner. Therefore, do not worry much about it; the key is learning by doing.

3. Is there any minimum amount of trades that I need to do per week and why is that?

Though there is no minimum amount of trades per day, we would recommend that you do at least 5 - 10 trades a week; which is 1 - 2 trades per day. A trade constitutes a single transaction.

Company	Action
Reliance Industries	Buy
Reliance Industries	Sell
Tata Consultancy Services	Buy

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Tata Consultancy Services	Sell
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The number of trades done above are 4.

Company	Action
Reliance Industries	Buy
Tata Consultancy Services	Sell
HDFC Bank	Buy

The number of trades done above are 3. You can proceed to trading once you have complete the Financial Markets and Technical Analysis part of the resource section.

4. Can I short sell any stock?

As of now, short selling is not allowed. Once it is allowed, we shall notify you.

5. The market is going down. Will this impact my program performance?

The simple answer is no. Your performance in the portfolio management module of the program is adjudged by your FinScore. This is a score out of 100, that appears in your Portfolio section. Your final performance report will consist of this score and not absolute return. Your final FinScore is arrived at by calculating your portfolio performance vs. the BSE 500 index. Therefore, even when the market is going down, you can improve your portfolio score by ensuring you are losing less than the market (BSE 500).

6. What is AI based Portfolio Improvement?

In the AI based portfolio improvement tool, you will be assisted by artificial intelligence to help you grow your portfolio. When you purchase a stock on the platform, this stock would be dynamically compared with the BSE 500 index. Using this minute to minute comparison, you would be able to see whether the stock is pulling your FinScore up or dragging it down.

This will help you especially during the day the market is going down, where you will be able to identify stocks that are improving your FinScore, despite being in loss.

7. What is the research program and how to go about it?

The research section has a program that you have to finish to successfully complete the FMEP. This is a four week program that runs parallel to portfolio management. In this, you have to finish a task every week. The details of this task are given on the portal itself. Only once you complete the previous week, you will be able to unlock the next week.

8. What does the rate research section signify and what do I have to do in it?

In the rate research section, you have to grade research submitted by other FMEP enrollees.

9. What does My Scores in the research section signify and how is it calculated?

This particular section shows the scores that peers have given you based on various research

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activities done by you. This is your research grade and will be present in your Financial Markets Performance Report. A key way to have a good research score is to rate other's research in the 'Rate Research' section and not slack off from it. There are additional points that you get from rating other's research, which will reflect in your performance report.

10. Do I need to trade only in sectors that I have picked up for research?

No, research and portfolio management are parallel but unrelated activities. You should trade in companies across as many sectors as possible to make full use of the learning opportunity.

11. What are exercises and how will they benefit me?

The exercises section has two gamified exercises that will help you engage with companies & the news. The first exercise is Stockdeck, which tests your fundamental analysis skill. The instruction towards this exercise is given on the platform. The biggest incentive is that a correct answer on the exercises increases your cash in hand & your FinScore.

The second exercise is E-Code, which tests your news reading habits. The instruction towards this exercise is given on the platform. The biggest incentive is that a correct answer on this increases your cash in hand & your FinScore.

12. When will I get my Certificate and all other relevant documents?

You will get your Certificate and all other relevant documents, 65 days (2 months, 5 days) after your start date, provided all aspects of the research section are complete and you have managed your portfolio regularly. You will receive a Letter of Recommendation; in case you finish with a FinScore above 75.

13. How can I change my start date, pause or extend the program?

Options to change start date and pause is available under edit profile section. To extend the program please write to us email on care@finlatics.com with the extension duration.