

FINM693:FUNDAMENTAL ANALYSIS

L:3 T:1 P:0 Credits:3

Course Outcomes: Through this course students should be able to

CO1 :: analyze the macroeconomic environment for investment in securities or bond market

CO2 :: apply techniques of industry analysis for selection of industry for investment

CO3 :: examine financial statements of companies for finding financial position of companies

CO4 :: evaluate the company on multiple financial parameters with investment objective

CO5 :: appraise scope of bond markets for investment decisions

CO6 :: analyze bond market and in the light of interest rate term structure

Unit I

Macroanalysis and microvaluation of the stock market : macromarket analysis, micro valuation analysis, valuation using earning multiplier approach, estimating expected earning per share, estimating stock market earning multiplier

Unit II

Industry analysis : reasons behind industry analysis, the business cycle and industry sectors, structural economic challenges and alternative industries, evaluating industry life cycle, analysis of industry competition, estimating industry rates of return, industry analysis using relative valuation, other relative valuation ratios

Unit III

Analysis of financial statements : major financial statements, analysis of financial ratios, computation of financial ratios, evaluating internal liquidity, evaluating operating performance, risk analysis, analysis of growth potential, comparative analysis of ratios

An introduction to security valuation : why a three step valuation process, theory of valuation, valuation of alternative investments, estimating the stock market earning multiplier

Unit IV

Company analysis and stock valuation : company analysis versus stock valuation, Economic, industry, and structural links to company analysis, company analysis, estimating intrinsic value, estimating company earning per share, estimating company earnings multipliers, additional measures of relative value, measures of value added

Unit V

Bond fundamentals : basic features of bonds, the global bond market structure, alternative bond issues

Unit VI

The analysis and valuation of bonds : the fundamentals of bond valuation, calculating bond yield, calculating future bond price, determinants of interest rates, term structure theories, determinants of price volatility for bonds

Text Books:

1. INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT by FRANK REILLY, KEITH BROWN, CENGAGE LEARNING

References:

1. FUNDAMENTAL ANALYSIS MODULE by NATIONAL STOCK EXCHANGE, NSE

2. FUNDAMENTAL ANALYSIS FOR INVESTORS by RAGHU PALAT, VISION & VENTURE

3. INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT by PRASANNA CHANDRA, Tata McGraw Hill, India

