

Problem : To develop an Investment Strategy

You are employed as a trainee investment analyst with a large fund management group. As part of your training you have been seconded to the manager of an investment trust.

You are provided with data from a random sample of companies from a particular sector.

Discuss which variables give the best measures of the investment potential in this sector and draw conclusions as to which types of stock would provide the best investment.

(You may also want to investigate whether any variables are related to the size of the company)

The Data

Variable Name	Description
Share Price (p)	The share price [in pence] on a particular date.
Avg Vol	Average volume of share sales over previous three months.
EPS(Current)	Earnings per Share(Current)
P/E	Price to Earnings Ratio (Previous Close/EPS)
MktCap	The Market Capitalisation [£Billions](Last Trade x Current Number of Shares Outstanding)
Dividend	The annual dividend per share of stock.
Yield	The annual dividend per share divided by the previous closing stock price [%]
Alpha	Measures whether a stock has a higher or lower returns than expected considering its risk
Beta	It measures the stock responses to the reference index.
Employees	Number of Employees
EPS(2011)	EPS in 2016
EPS(2012)	EPS in 2017
Net Revenue(2011)	Net Revenue in 2016
Net Revenue(2012)	Net Revenue in 2017
Net Profit(2011)	Net Profit in 2016
Net Profit(2012)	Net Profit in 2017

The data can be obtained on Succeed.

1. Copy the files to your disc then you can perform any manipulations.
2. **You will allocated files within Project Files Set 1, Project Files Set 2, Project Files Set 3, Project Files Set 5, Project Files Set 6, Project Files Set 7, or Project Files 8.**
3. You should perform all analysis using Minitab but if you wish you may want to use Excel to manipulate data.
4. **You should plan your analysis before looking at the data. It is easy otherwise to get 'lost' in the number of questions that need to be investigated.**

Submission Information

You should submit a REPORT including :

- (i) **A summary of your solutions, including explanations and justifications of methods and measurements used.**
 - (ii) **You should include any relevant printouts as part of your report i.e. results of descriptive statistics, tests, confidence intervals and graphs.**
1. **YOU MUST USE THE TITLE PAGE which will also be on Succeed.**
 2. **You must submit your report on paper AND electronically via Turnitin.**
 3. **Minitab Project Files. Your project files should be submitted. These must give evidence of all your working – including graphs and output copied to your report. You should submit the files by one of the following methods : hand in a memory stick, burn a CD or bring a memory stick in person.**
 4. Work which is submitted for assessment must be your own work. All students should note that the University has a formal policy on academic misconduct which can be found at <http://www.quality.stir.ac.uk/ac-policy/assessment.php>

CAH
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