**Slide 1: – “Attribute”**

We have run a logistic regression based on some fundamental attributes as shown in the slide. The train data has 3396 observations and test data has 715 observations. This is different from the fundamental analysis in sentiment model as here we are comparing it with thousands of other companies. We have got a 94% accuracy in the validation process, after some iteration, and extracted prediction for our 12 stocks.

Data files:

* Regression model: “Default Logistic”
* Train data: “Default Logistic – train”
* Test data: “Default Logistic – test”
* Output for selected stocks: “Default Logistic - prediction for our stock”

**Slide 2: – “Outcome from Fundamental Analysis “**

The results from the logistic is shown here

**Slide 2: – “Recommendation “**

In this slide, we can consolidate the recommendations of both the models. I have assumed the recommendations will be similar, and accordingly prepared the subsequent analysis. We will have to revisit when the sentiment model is ready and in the case it shows different recommendations.

We will consider the upper left box which shows recommended stocks from both the models, and move ahead with portfolio building with these.

**Slide 2: – “Portfolio Optimization - Mean and Standard Deviation “** – just a visual of mean and sd for selected stocks

**Slide 2: – “Portfolio Optimization – Covariance Matrix “**

This is a visual of covariance matrix for selected stocks – with lower covariance in a deeper green. We can explain that lower covariance is desirable as it will minimize the risk.

**Slide 2: – “Portfolio Optimization – Risk Optimization “**

We have created an portfolio optimization model with mean, sd, covariances and weighting. We set the target at return of 0.3% weekly, and minimized the risk. We got a risk level of 0.02%.

File: “Optimization excel model”

**Slide 2: – “Portfolio Optimization – Return Optimization “**

This time set the target at risk of 0.03% weekly, and maximized the return. We got a return of 0.4%.

**Slide 2: – “Portfolio Optimization – Comparison of risk-return profile “**

This slide shows that the return per risk level are much higher in individual stocks while it is significantly lower in well diversified portfolio.