

Investment analysis

Module 3-5, 2021-2022

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Course description

This course provides students with an opportunity to dive into the everyday job of an Investment Research Analyst. We will discuss basic principles of capital allocation and the role of an Investment Analyst in making investment decisions. The holistic process of decision-making will be considered including such stages as ideas generation, opportunities analysis and monitoring.

The course structure is based on sector investing. Each class will be devoted to the particular industry, its advantages and peculiarities. We will analyze actual investment cases in Sovcombank's portfolio for each industry (presented by Sovcombank's analysts). Upon studying each sector, students will present their own investment ideas (in either bonds or equities) in the industry of their choice based on the given framework.

Upon successful course completion, there will be job interviews/internships opportunities.

Course requirements, grading and attendance policies

Students are expected to be familiar with the basics of modern financial markets, firm valuation and fixed income securities. Understanding the concept of competitive advantage is a must — please refer to the required textbooks section. The course is practice-oriented so there will be no single textbook.

There will be 16 classes (note that the course starts in January and ends in June, the schedule will be provided later on). The classes will be held mostly at Wednesday evenings and take place at the Sovcombank's office (Krasnopresnenskaya embankment, 14). Attendance is a must.

The grading is based on class participation, homework and final project.
The maximum amount of points available for each component is as follows:

Class participation	20 pts	(including short in-class quizzes)
Homework	60 pts	
Final project	20 pts	
Total	100 pts	

Hometasks comprise mainly investment ideas presentations in PPTX/PDF format on any topic covered in previous class. The final project is a homework for the last class. We expect you to make an investment recommendation for any company of your choice, taking into account knowledge you gained during the course. Submission deadlines are to be specified in the projects instructions.

Minimum score of at least 30% is required to pass the course.
Active class participation may add bonus points.

Course contents

An overview of the analyst profession and investment decision-making process

Commodities:

- Oil and gas
- From iron ore to steel
- Non-ferrous metals
- Fertilizers
- Home assignment 1: Calculation of a breakeven point for the US oil companies
- Home assignment 2: Investment idea in a commodity producer

Non-cyclical industries:

- Telecommunications
- Energy
- Consumer sector
- Pharma and biotech
- Home assignment 3: Investment idea in a non-cyclical firm

Macroeconomics:

- Sovereign Analysis
- World profits
- Home assignment 4: Investment idea in a sovereign debt

Capital markets:

- Analyzing a bank
- Banking regulation
- Insurance and leasing companies
- Home assignment 5: Investment idea in banking

Additional Topics:

- Securitization
- US mortgage market
- Construction industry
- Project finance
- Final project: investment idea in any company (at your discretion)

Course materials

Required textbooks and materials

- B. Graham, "The Intelligent Investor"
- M. Porter, "Competitive strategy"
- T. Koller, "Valuation: Measuring and Managing the Value of Companies"
- F. Fabozzi, "Bond Markets, Analysis and Strategies"

Additional materials

D. Yergin, "The Prize: The Epic Quest for Oil, Money, and Power"

D. Khotimskiy, "Let's cash in on the crisis of capitalism"

J. Ramirez, "Handbook of Basel 3 Capital"

M. Lewis, "The Big Short"

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.