## FUNDAMENTAL ANALYSIS COURSE

THE MOST COMPREHENSIVE COURSE ON STOCK SELECTION AND VALUATION

**BY :- SANJOG KOIRALA** 



1

हातका मैला सुनका थैला के गर्नु धनले साग र सिरनु खाएको बेस आनन्दि मनले ।





### Laxmi Prasad Devkota



- Why Should we Invest?
  - To make Money work for Us
  - To achieve financial freedom and build wealth
  - To beat Inflation
  - Get Tax Benefit
  - Plan Your Retirement

Books reference (Rich dad Poor dad, Psychology of Money, The Richest Man in Babylon, Think and grow rich, Millionaire Next Door)



### Why Should You Invest?





### **The Need To Invest?**

### Where To Invest?







### **Investing Options In Nepal**

- Gold and precious gems
- Fixed Deposits
- Lending to People
- Share Market (Stocks , debentures, Mutual Funds )
- Real Estate Land and Building
- Business (Big or Small)
- Networking business and Cryptos
- Vehicles

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	RECURRING INCOME	PRINCIPAL RECIATION
ID		



4



Once your mindset towards money is changed and you know why to invest so for Investment You need Money. now u need to have money to make more money

#### So how can you have money?

- When you are young, develop habits of savings
- When you grow a little and have Money 2. coming in then the formula changes once income generation starts
- 3. Live below your means , you have no one to impress
- Use your savings money as your seed 4. money and grow along with it.





- You cannot invest before planning your personal finance well.
- Have an emergency fund that can sustain your life for 3 to 6 months
- Have a term health and life insurance before investing
- Develop a habit of budgeting early on and follow the budget.
- Spend only on needs early and then slowly grow into wants and desires.

### PERSONAL FINANCE MANAGEMENT **BEFORE INVESTING**



## CAN I UNDERSTAND FINANCE IF I AM NON FINANCE BACKGROUND ?

- Finance is more of common sense than a skill, we all use finance in our day to day activity from childhood so its for everyone.
- Basic mathematic skills like addition, subtraction, multiplication and division with a little business sense will make a good fundamental analyst.
- So only people from finance are good at it is a myth, its easy for everyone who wants to learn and then earn despite your profession or background.









# Oth Wonder of the world Magical power of Compounding !!

WATCH THIS VIDEO ON IDEAPRENEURNEPAL'S YOUTUBE CHANNEL



### WHICH OPTION WILL YOU CHOOSE?



Good things come to those who has patience. Consistent and Persistant

DAILY 1 LAKH OPTION					
Day	AMOUNT	Total you have			
1	100000	100,000.00			
2	100000	200,000.00			
3	100000	300,000.00			
4	100000	400,000.00			
5	100000	500,000.00			
6	100000	600,000.00			
7	100000	700,000.00			
8	100000	800,000.00			
9	100000	900,000.00			
10	100000	1,000,000.00			
11	100000	1,100,000.00			
12	100000	1,200,000.00			
13	100000	1,300,000.00			
14	100000	1,400,000.00			
15	100000	1,500,000.00			
16	100000	1,600,000.00			
17	100000	1,700,000.00			
18	100000	1,800,000.00			
19	100000	1,900,000.00			
20	100000	2,000,000.00			
21	100000	2,100,000.00			
22	100000	2,200,000.00			
23	100000	2,300,000.00			
24	100000	2,400,000.00			
25	100000	2,500,000.00			
26	100000	2,600,000.00			
27	100000	2,700,000.00			
28	100000	2,800,000.00			
29	100000	2,900,000.00			
30	100000	3,000,000.00			



#### **SIMPLE INTEREST AND COMPOUND INTEREST**

SIMPLE INTEREST @ 15%						
	Description	Interest	Total			
Initial investment	100000	15000	115,000.00			
	year 2	15000	130,000.00			
	year 3	15000	145,000.00			
	year 4	15000	160,000.00			
	year 5	15000	175,000.00			
	year 6	15000	190,000.00			
	year 7	15000	205,000.00			
	year 8	15000	220,000.00			
	year 9	15000	235,000.00			
	year 10	15000	250,000.00			
	year 11	15000	265,000.00			
	year 12	15000	280,000.00			
	year 13	15000	295,000.00			
	year 14	15000	310,000.00			
	year 15	15000	325,000.00			
	year 16	15000	340,000.00			
	year 17	15000	355,000.00			
	year 18	15000	370,000.00			
	year 19	15000	385,000.00			
	year 20	15000	400,000.00			
	year 21	15000	415,000.00			
	year 22	15000	430,000.00			
	year 23	15000	445,000.00			
	year 24	15000	460,000.00			
	year 25	15000	475,000.00			

#### SIMPLE VS COMPOUND INTEREST





COMPOUND INTEREST @ 15%							
	Description	Interest	Total				
Initial investment	100000	15000	115,000.00				
	year 2	17250	132,250.00				
	year 3	19838	152,087.50				
	year 4	22813	174,900.63				
	year 5	26235	201,135.72				
	year 6	30170	231,306.08				
	year 7	34696	266,001.99				
	year 8	39900	305,902.29				
	year 9	45885	351,787.63				
	year 10	52768	404,555.77				
	year 11	60683	465,239.14				
	year 12	69786	535,025.01				
	year 13	80254	615,278.76				
	year 14	92292	707,570.58				
	year 15	106136	813,706.16				
	year 16	122056	935,762.09				
	year 17	140364	1,076,126.40				
	year 18	161419	1,237,545.36				
	year 19	185632	1,423,177.16				
	year 20	213477	1,636,653.74				
	year 21	245498	1,882,151.80				
	year 22	282323	2,164,474.57				
	year 23	324671	2,489,145.76				
	year 24	373372	2,862,517.62				
	year 25	429378	3,291,895.26				





### **Investing Early Vs Investing Late**

			R	am		
ge	Start	Investment	Interest	Ending	Int Rate	14%
19	0	25000	3500	28,500.00	Total Investment	200000
20	28500	25000	7490	60,990.00		
21	60990	25000	12039	98,028.60		
22	98029	25000	17224	140,252.60		
23	140253	25000	23135	188,387.97		
24	188388	25000	29874	243,262.28		
25	243262	25000	37557	305,819.00		
26	305819	25000	46315	377,133.66		
27	377134	0	52799	429,932.38		
28	429932	0	60191	490,122.91		
29	490123	0	68617	558,740.12		
30	558740	0	78224	636,963.73		
31	636964	0	89175	726,138.66		
32	726139	0	101659	827,798.07		
33	827798	0	115892	943,689.80		
34	943690	0	132117	1,075,806.37		I
35	1075806	0	150613	1,226,419.26		
36	1226419	0	171699	1,398,117.96	[	
37	1398118	0	195737	1,593,854.47		
38	1593854	0	223140	1,816,994.10		
39	1816994	0	254379	2,071,373.27		
40	2071373	0	289992	2,361,365.53	IDEAP	RENE
41	2361366	0	330591	2,691,956.71	NF	ΡΔΙ
42	2691957	0	376874	3,068,830.65		
43	3068831	0	429636	3,498,466.94		
44	3498467	0	489785	3,988,252.31		
45	3988252	0	558355	4,546,607.63		
46	4546608	0	636525	5,183,132.70		
47	5183133	0	725639	5,908,771.28		
48	5908771	0	827228	6,735,999.25		
49	6735999	0	943040	7,679,039.15		
50	7679039	0	1075065	8,754,104.63		
51	8754105	0	1225575	9,979,679.28		
52	9979679	0	1397155	11,376,834.38		
53	11376834	0	1592757	12,969,591.19		
54	12969591	0	1815743	14,785,333.96		
55	14785334	0	2069947	16,855,280.71		
56	16855281	0	2359739	19,215,020.01		
57	19215020	0	2690103	21,905,122.81		
58	21905123	0	3066717	24,971,840.01		
59	24971840	0	3496058	28,467,897.61		
60	28467898	0	3985506	32,453,403.28		
				3.24 CR		

Shyam						
Age	Start	Investment	Interest	Ending	Int Rate	15%
19	0		0	0	<b>Total Investment</b>	1020000
20	0		0	0		
21	0		0	0		
22	0		0	0		
23	0		0	0		
24	0		0	0		
25	0		0	0		
26	0		0	0		
27	0	30000	4500	34,500.00		
28	34500	30000	9675	74,175.00		
29	74175	30000	15626	119,801.25		
30	119801	30000	22470	172,271.44		
31	172271	30000	30341	232,612.15		
32	232612	30000	39392	302,003.98		
33	302004	30000	49801	381,804.57		
34	381805	30000	61771	473,575.26		
35	473575	30000	75536	579,111.55		
36	579112	30000	91367	700,478.28		
37	700478	30000	109572	840,050.02		
38	840050	30000	130508	1,000,557.52		
39	1000558	30000	154584	1,185,141.15		
40	1185141	30000	182271	1,397,412.33		
41	1397412	30000	214112	1,641,524.17		
42	1641524	30000	250729	1,922,252.80		
43	1922253	30000	292838	2,245,090.72		
44	2245091	30000	341264	2,616,354.33		
45	2616354	30000	396953	3,043,307.48		
46	3043307	30000	460996	3,534,303.60		
47	3534304	30000	534646	4,098,949.14		
48	4098949	30000	619342	4,748,291.51		
49	4748292	30000	716744	5,495,035.24		
50	5495035	30000	828755	6,353,790.52		
51	6353791	30000	957569	7,341,359.10		
52	7341359	30000	1105704	8,477,062.97		
53	8477063	30000	1276059	9,783,122.41		
54	9783122	30000	1471968	11,285,090.78		
55	11285091	30000	1697264	13,012,354.39		
56	13012354	30000	1956353	14,998,707.55		
57	14998708	30000	2254306	17,283,013.68		
58	17283014	30000	2596952	19,909,965.73		
59	19909966	30000	2990995	22,930,960.60		
60	22930961	30000	3444144	26,405,104.68		
				2.64 CR		

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11

### POWER OF INVESTING EARLY AND COMPOUNDING





12

#### **Power of Investing :- (Possible to get high %)**

#### 1. HDL (Himalayan Distillery)

If you had tried to invest Rs. 100,000.00 in Himalayan Distillery Ltd. on 2015-01-01, you could buy 246.31 kitta at Rs. 406 on 2015-01-05. Your investment would have grown by 57.338% annually and would be worth Rs. 3,408,873.15 today.

#### 2. STC (Salt Trading Company)

If you had tried to invest Rs. 100,000.00 in Salt Trading Corporation on 2015-01-01, you could buy 446.43 kitta at Rs. 224 on 2015-03-02. Your investment would have grown by <u>71.095</u>% annually and would be worth Rs. 6,029,402.00 today.







ation Limited



#### **Power of Investing :-**

#### **3. IME General Insurance**

If you had tried to invest Rs. 100,000.00 in IME General Insurance Co. Ltd. on 2011-01-01, you could buy 546.45 kitta at Rs. 183 on 2011-03-20. Your investment would have grown by 32.274% annually and would be worth Rs. 2,555,274.60 today.

#### **4. ICFC Finance Limited**

If you had tried to invest Rs. 100,000.00 in ICFC Finance Limited on 2011-01-01, you could buy 490.2 kitta at Rs. 204 on 2011-03-20. Your investment would have grown by **<u>19.584</u>%** annually and would be worth Rs. 794,236.74 today.





"YOUR COMPLETE BANKING SOLUTION"



#### **UNDERSTANDING NEPSE RETURN**

#### **ANNUAL RETURN PERCENTAGE OF NEPSE TILL DATE**

Year-end	Index Closing Value	Point Change	% Change*
May End 2023	1849.79	-179.24	-8.83%
Dec end 2022	2029.03	-495.02	-19.61%
Dec End 2021	2,524.05	436.78	20.93%
Dec end 2020	2,087.27	921.24	79.01%
Dec end 2019	1,166.03	-21.25	-1.79%
Dec end 2018	1,187.28	-203.3	-14.62%
Dec end 2017	1,390.58	-52.8	-3.66%
Dec end 2016	1,443.38	292	25.36%
Dec end 2015	1,151.38	249.05	27.60%
Dec end 2014	902.33	131.48	17.06%
Dec end 2013	770.85	236.72	44.32%
Dec end 2012	534.13	218.13	69.03%
Dec end 2011	316	-88.06	-21.79%
Dec end 2010	404.06	-144.05	-26.28%
Dec end 2009	548.11	-147.39	-21.19%
Dec end 2008	695.5	-289.03	-29.36%
Dec end 2007	984.53	470.11	91.39%
Dec end 2006	514.42	211.64	69.90%
Dec end 2005	302.78	64.49	27.06%
Dec end 2004	238.29	36.72	18.22%
Dec end 2003	201.57	-3.2	-1.56%
Dec end 2002	204.77	-64.98	-24.09%
Dec end 2001	269.75	-218.26	-44.72%
Dec end 2000	488.01	225.49	85.89%
Dec end 1999	262.52	87.06	49.62%
Dec end 1998	175.46	4.53	2.65%
Dec end 1997	170.93	70.93	70.93%
01/13/94-12/31/96	100	NA**	NA**
Max:	2,619.03	921.24	91.39%
Min:	100	-289.03	-44.72%

Conclusion Remarks in 27 years :-

	Markets	is	up	in	15	
*	individual years					
	Markets	is	down	in	11	
*	individual years					



Your Return Till May if u had invested in the beginning

#### **1749.79% ABSOLUTE Return**

#### **Compounded Annual Growth Return (CAGR)**

$$ext{CAGR} = \left(rac{V_{ ext{final}}}{V_{ ext{begin}}}
ight)^{1/t} - 1$$

- CAGR = compound annual growth rate
- $V_{\text{begin}}$  = beginning value
- $V_{\text{final}}$  = final value
- = time in years t

CAGR Return for 27 years = **11.79** % Return



### **UNDERSTANDING NEPSE RETURN**



Bull	Pei	riod				Index		
	From	То	No. of	Beginning	Top/	Change	Holding	CAGR
			Years		Bottom		Return	Return
	1/13/94	23/11/2000	6.87	100	545.82	445.82	445.82%	28.02%
	23/11/2000	15/03/2002	1.31	545.82	186.22	-359.6	-65.88%	-56.00%
	15/03/2002	31/08/2008	6.47	186.22	1,175.38	989.16	531.18%	32.94%
	31/08/2008	15/06/2011	2.79	1,175.38	292.32	-883.06	-75.13%	-39.27%
	15/06/2011	28/07/2016	5.12	292.32	1,881.45	1589.13	543.63%	43.86%
	28/07/2016	3/3/19	2.6	1,881.45	1,100.58	-780.87	-41.50%	-18.64%
	3/3/19	18/08/2021	2.18	1,100.58	3,198.59	2,098.01	190.63%	63.13%
	18/08/2021	25/09/22	1.1	3,198.59	1,815.13	-1,383.46	-43.25%	-40.25%



### TRADER

- DOESN'T DIVERSIFY MUCH. MAYBE UPTO 5 STOCKS
- ALWAYS DOES STOP LOSS. NEVER AVERAGES.
- DOESN'T WAIT FOR DIVIDEND / BONUS
- GIVES ALMOST 2 HOURS EACH DAY TO SHAREMARKET
- NEEDS TO LEARN TECHNICAL ANALYSIS.
- MAKES MONEY GENERALLY ONLY DURING BULL
   MARKET. NEPSE BEING 1 WAY MARKET







## INVESTOR

- DIVERSIFIES HIS STOCK INTO MULTIPLE SECTOR. **PREFERRED STOCK 10 TO 15.**
- ALWAYS DOES AVERAGING. NEVER STOP LOSS.
- IS NEVER TRACKING UPS AND DOWNS OF MARKET **ON DAILY BASIS. TO HIM SHARE FLUCTUATIONS DOESNT MATTER. HE IS IN MARKET FOR BONUS** AND CASH DIVIDEND AND CAPITAL APPRECIATION
- HARDLY CHECKS HIS PORTFOLIO.
- **FOLLOWS INVEST AND FORGET STRATEGY.**
- INTO FUNDAMENTAL ANALYSIS MORE.







### **HOW TO MAKE DECISION REGARDING PURCHASE OF STOCK**

AND



### **Fundamental Analysis**



### **Technical Analysis**



## METHOD - 1

**FUNDAMENTAL ANALYSIS** 

- **Focuses on Both Qualitative and Quantitative**  $\bullet$ factors
- Is Majorly for Investing (Investors)
- To determine if the company is undervalued or over valued
- It is a method to find a good company at the best price.
- Is Best Suited for Long term and wealth creation by using power of compounding.

## Fundamental Analysis





## METHOD - 2

**TECHNICAL ANALYSIS** 

- **Focuses on Charts, Price and Volume**
- **Especially used by Traders.**
- To determine future price of the stock using charts to identify patters and trends.
- It follows Herd Mentality (People will react • to certain area of values ) hence most effective.





### PREPARING YOURSELF FOR STOCK MARKET.

- Do not get addicted to stock market watching market all the time.
- Whoever learns to control their emotion wins always in the stock market.
- Never ever borrow money to invest in stock market except Marginal Lending from Bank.
- Never buy / sell shares without analyzing on your own.
- Learn the difference between virtual and real world. No profit or Loss until you sell. Everyday fluctuation is just virtual.



### VALUE INVESTING When VALUE When VALUE Lesser than Price Higher than Price SELL BUY PRICE VALUE VALUE In-between PRICE HOLD

