

SEMESTER IV

BEHAVIORAL FINANCE

1. Course Description

Programme: M. Com (Finance and Analytics)

Max Hours: 75

Course Code:

Marks: 100

Course Type: DSC

Hours Per Week: 5 No.

of Credits: 5

2. Course Objective:

- To introduce the field of behavioural finance and underline its importance as a driving force in the global markets.
- To impart the psychological aspects and challenges underlying the issue of rational and irrational behaviour
- To demonstrate the impact of news and timing from the corporate angle and highlight the ramifications of effective news communication.

3. Course Outcomes:

On Successful completion of the course the student will be able to :

CO 1: To introduce the new field of behavioural finance and underline its importance as a driving force in the global markets.

To provide the conceptual framework of behavioural finance based on traditional and modern theories

To impart the psychological aspects and challenges underlying the issue of rational and irrational behaviour

To demonstrate the impact of news and timing from the corporate angle and highlight the ramifications of effective news communication.

4. Course Content

MODULE - I: INTRODUCTION

(15 Hrs)

Introduction to Behavioral Finance-Overview, History of Behavioral Finance; From standard finance to behavioral finance- Assumptions of Behavioral Finance- Building blocks of Behavioral Finance-Sentiment, Behavioral preference- limits of Arbitrage

MODULE II: UNDERSTANDING INVESTOR PSYCHOLOGY

(15

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Hrs)

Beliefs, Attitude, Learning, Herding, Momentum, Biases and Heuristics, Over-confidence and optimism, winners' curse, over reaction and under reaction and cross-cultural behavior.

MODULE III: INVESTOR PREFERENCES (15 Hrs)

Framing, Irrationality and violation of expected utility, mental accounting, Prospect theory and attention, Saving behavior.

MODULE IV: FINANCIAL MARKET ANOMALIES (15 Hrs)

Concept- Fundamental Anomalies, Accounting based anomalies, Calendar anomalies, Attention based anomalies: Value v/s Growth, size, equity premium, myopia in investment decision making.

MODULE V: BEHAVIORAL CORPORATE FINANCE (15 Hrs)

Introduction, Concept, Approaches to BCF – Market timing and catering approach, The Managerial Bias Approach, the irrational investor approach, Irrational manager's Approach. Behavioral biases of managers, Debiasing.

5. References

1. Chandra, Behavioral Finance Paperback, McGraw–Hill Education.
2. Sulphery M.M., Behavioral Finance Paperback, PHI Learning Private Limited
3. Michael Mauboussin, More Than You Know–Finding Financial Wisdom in Unconventional Places, Columbia Business School Publishing.
4. Williams Forbes, Behavioral finance, Wiley.
5. James Montier, The Little Book of Behavioural Investing: How not to be your own worst enemy, Little Books, Big Profits (UK).

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SEMESTER IV**FINANCIAL MODELING****1. Course Description**

Programme: M. Com (Finance and Analytics)

Course Code:

Max Hours: 105

Type of course: DSE

Max Marks: 100

No. Of Credits 5

Hours per week: 3T+4P hrs

2. Course Objectives

- To enable students to present management information and key performance indicators in a decision-oriented manner
- To gain expertise in spreadsheet functions and tools to build efficient models and use of scenario analysis.

3. Course Outcome: At the end of the course, the student will be able to

CO 1 Explain what financial models are and understand how to use various Excel functions to prepare a model.

CO 2 Apply different methods to prepare and present a financial model visually.

CO 3 creating models using forecasting techniques to aid in an organization's financial planning

CO 4 Analyse various business scenarios and prepare a sensitivity report

CO 5 Understand the process of developing a usable dynamic financial model.

4. Course Content**MODULE I: INTRODUCTION**

(21 Hrs)

Concept of financial Modeling- difference between spread sheet and model-types and purposes of financial model-skills required for a good modeller- best practices in spread sheet design-tool selection- Excel for financial modeling:

Excel features-financial – logical- statistical - mathematical, lookup reference. Custom formatting- shortcuts- array functions - pivot tables analysis – Tool pak-nested-cell references -named ranges-working with dates-linking external file- Useful windows keyboard shortcuts for financial modellers

MODULE II: BUILDING AND PRESENTING A MODEL

(21 Hrs)

Attributes of a good model- documenting excel model-debugging excel model- error avoidance strategies -using formula auditing tools for debugging-learning modeling using excel-graphic and written presentation-chart types-bubble and waterfall charts-charting with two different axes

MODULE III: USES OF FINANCIAL MODELLING (21 Hrs)

Basic financial forecasting- Forecasting Models: Review of forecasting methods; financial "drivers"; Adding forecasts to the case models. Depreciation- project finance- bond calculation-capital budgeting-BEP-variance-cash flow-cost of capital-(simple models building exercises)

MODULE IV: RISK MANAGEMENT, STRESS TESTING AND SCENARIO ANALYSIS AND SENSITIVITY ANALYSIS: (21 Hrs)

Risk analysis and management- Risk Techniques: Risk and multiple answers- Scenario techniques - advanced financial functions- adding sensitivity to the case model- Advanced scenario methods- Composite methods.

Understanding stress testing and scenario analysis and sensitivity analysis- difference between scenario- sensitivity and what if analysis-overview of scenario tools-advanced conditional formatting- model review and checklist (theory)

MODULE V: MANAGEMENT REPORTING AND MODEL COMPLETION (21 Hrs)

Management Reporting: Requirement to consolidate and summarize data- consolidating data from different sources- spread sheet report managers- pivot tables- Techniques for summarising data- producing a management analysis. Model Completion: Model review-rebuilding an inherited- removing redundant assumptions and source data –auditing a financial model- Documentation- Final audit.

Practicals

- Using excel functions with emphasis on array, pivot, nesting, goal seek
- Simple chart creation, understanding erroneous models, audit tool usage, simple bubble and waterfall charts.

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- Depreciation- project finance- bond calculation-capital budgeting-BEP-variance-cash flow-cost of capital-Investment analysis-option pricing- decision tree-company valuation-(simple models building exercises).
- Sensitivity analysis in a model
- Preparing a report.

5. References:

1. Alastair Day, Mastering Financial modeling in Microsoft Excel; Pearson, India Edition
2. Danielle Stein Fairhurst ,Using excel for business analysis, Wiley finance
3. Ragnar Lavas Et al ,Financial Modeling and Asset valuation with Excel; Routledge
4. S Benninga Financial Modeling, MIT Press.
5. Building Financial Models, John Tjia ,McGraw-Hill.

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SEMESTER IV**INTRODUCTION TO FINANCIAL ANALYTICS****1. Course Description**

Programme: M. Com (Finance and Analytics)

Course Code:

Max Hours: 105

Type of course: DSE

Max Marks: 100

No. Of Credits 5

Hours per week: 3T+4P hrs

2. Course Objectives

- The objective of this course is to develop financial data analytical skills in students.
- To enable students to arrive at diversified and optimum financial decisions analytically.

2. Course Outcome:

At the end of the course, the student will be able to

CO1: Understand the role of analytics in finance.

CO2: Develop knowledge about business valuation and types of methods used in valuation.

CO3: Apply predictive modelling techniques in analyzing financial data for decision making.

CO4: Understand derivative pricing and role of real options in business decisions.

CO5: Develop a sound investment strategy considering market and credit risk.

4. Course Content

MODULE I: INTRODUCTION TO FINANCIAL ANALYTICS (21 Hrs)

Definition, relevance and scope financial Analytics, recent trends in financial analytics, Concept of Primary Data and Secondary Data, Concept of Supervised and Unsupervised learning.

MODULE II BUSINESS VALUATION ANALYTICS (21 Hrs)

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Financial and Cost Modelling using Spreadsheets, Company Business Model Analysis, Company Profitability Analysis, Product Profitability Analysis, Financial Statements and Projections - Discounted Cash Flow Analysis, Comparable Company Analysis, Precedent Transactions Analysis etc.

MODULE III: PREDICTIVE ANALYSIS IN FINANCE (21 Hrs)

Simple linear regression: coefficient of determination, significance tests, residual analysis, confidence and prediction intervals. Multiple linear regression: coefficient of multiple coefficients of determination, interpretation of regression coefficients, categorical variables, heteroscedasticity, multi-collinearity, outliers, autoregression and transformation of variables, stock prices forecasting models using machine learning

MODULE IV: DERIVATIVE PRICING (21 Hrs)

Issues regarding derivative markets, Brownian motion, Black Sholes model, Monte-Carlo simulation. Use of real options for better financial decisions- Growth (or expansion) options, Abandonment options, Investment timing options and flexibility (input/output) options.

MODULE V: PORTFOLIO ANALYTICS (21 Hrs)

Modelling Volatility and Risk: Characteristics of volatility. Modelling volatility using ARCH/GARCH models. Measuring and modelling risk. application of Value at Risk (VaR), building an optimum portfolio. develop a sound investment strategy considering market and credit risk. Credit Risk Modelling-Firm wide Risk, Business Risk, Non-Business Risk, building blocks of making a credit default model, Statistical Models in Credit Risk Measurement.

Practical Exercises:

1. Financial and Cost Modelling using Spreadsheets
2. Multiple linear regression
3. Use of real options for better financial decisions
4. Modelling Volatility and Risk.
5. Modelling volatility using ARCH/GARCH models.
6. Apply predictive and prescriptive analytics to solve financial problems.

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5. References

1. Liu, S., & Sathye, M (2021). Financial Statistics and Data Analytics, <https://doi.org/10.3390/books978-3-03943-976-8>
2. James, E.R. (2017). Business Analytics. UK: Pearson Education Limited.
3. Hull, J. C., & Basu, S. (2022). Options futures and other derivatives. 11th Edition Pearson Education India.
4. Brigham, E. F., & Houston, J. F. (2021). Fundamentals of financial management. 16th Edition Cengage Learning.
5. Gujarati, D., Porter, D., & Gunasekar, S., Basic Econometrics 5th Ed, McGraw Hill Education · Brooks, C.,
6. Introductory Econometrics for Finance 3rd Ed, Cambridge University Press
7. Wooldridge, J., Introductory Econometrics – A Modern Approach 5th Ed, South Western Publication

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SEMESTER IV**Project Guidelines****Max Marks: 100****ORGANISATION OF PROJECT REPORT**

The following structure of project work should be followed to maintain the uniformity in preparation and presentation

Chapter No. 1 - Introduction:

In this chapter Selection and relevance problem, historical background of the problem, definitions of related aspects, characteristics, different concepts pertaining to the problem etc. can be covered by the candidate.

This chapter also includes Objectives, Hypothesis, Scope of the study, Sample size, Data collection, Tabulation of data, Techniques and tools to be used, limitations of the study, significance of the study etc.

Chapter No. 2 - Literature Review/ Conceptual framework

This chapter will provide information about studies done on the respective issue. This would assist students to undertake further study on same issue. It provides an outline of the concepts being studied,

Chapter No. 3 - Company Profile

A brief profile of the industry and company being studied is presented.

Chapter No. 4 - Data Presentation and Data Analysis

This chapter is the core part of the study. The analysis pertaining to collected data will be done by the students. The application of selected tools or techniques will be used to arrive at findings. In this table of information, presentation of graph etc. can be should be provided by the students.

Chapter No. 5 - Conclusion

In this unit of project work findings of work will be covered by the candidate and suggestion will be mentioned by the candidate to validate the objectives and hypotheses. This Chapter findings, conclusions and recommendations of the study.

If required more chapters of data analysis can be added.

Bibliography**Appendix****TECHNICAL SPECIFICATIONS OF THE PROJECT REPORT**

1. Font type: Times New Roman
2. Font size: 12-For content, 14-for Title
3. Line Space : 1.5-for content and 1-for in table work
4. Paper Size: A4
5. All tables, figures and appendices should be consecutively numbered or lettered, and suitably labeled.

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DEPARTMENT OF COMMERCE, ST. FRANCIS COLLEGE FOR WOMEN, HYDERABAD

CBCS 2024

**ST. FRANCIS COLLEGE FOR WOMEN BEGUMPET, HYDERABAD – 500 016
(AUTONOMOUS & AFFILIATED TO OSMANIA UNIVERSITY)
THEORY (MODEL PAPER)**

TIME: 2 ½ HOURS

MAXIMUM MARKS: 60

SECTION A

**I. ANSWER THE FOLLOWING IN NOT MORE THAN 3 PAGES: 5 x 10 = 50 Marks
(5 ESSAY QUESTIONS WITH INTERNAL CHOICE FROM EACH UNIT)**

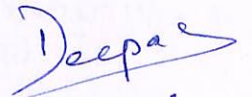
SECTION B

I. ANSWER ANY FIVE OUT OF SEVEN

5 x 2 = 10 Marks



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ST. FRANCIS COLLEGE FOR WOMEN BEGUMPET, HYDERABAD – 500 016
(AUTONOMOUS & AFFILIATED TO OSMANIA UNIVERSITY)
PRACTICAL (MODEL PAPER)
COMPUTER LAB BASED END SEMESTER TESTING

TIME: 2 ½ HOURS

MAXIMUM MARKS: 60

SECTION A

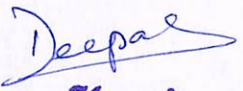
I. COMPUTER BASED TESTING

5 x 10 = 50 Marks

SECTION B

I. THEORY BASED QUESTIONS ON CONCEPTS 5 x 2 = 10 Marks


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SEMESTER IV**WEALTH MANAGEMENT****1. Course Description**

Programme: M. Com (Finance and Analytics)

Course Code:

Max Hours: 75

Type of course: DSC

Max Marks: 100

No. Of Credits 5

Hours per week: 5 hrs

2. Course Objectives

- The objective of this course is to develop an understanding of Financial Planning, the process of Wealth Management.
- To familiarise the learners with various asset classes

3. Course Outcome: At the end of the course, the student will be able to

CO1: Define and describe the process and practice of financial planning as well as the various types of clients for a wealth manager.

CO2: Understand and describe various asset classes such as debt, equity, and derivatives, as well as non-conventional asset classes like art, wine, and coins.

CO3: Examine retirement planning and insurance as vehicles for wealth management.

CO4: Analyze estate planning tools after describing the concept of estate planning.

CO5: Create a wealth management strategy and examine the role of a wealth manager.

4. Course Content**MODULE I: INTRODUCTION**

(15 Hrs)

Definition of Wealth – Wealth Management Process – Stages in Wealth Management Process – Client Goals and Constraints – Goal setting – Types of Goals – Hidden goals – Time bound goals – Intermediate goals – Life time goals – Consumption oriented goals - Goal Prioritization – Time Horizon – Liquidity – Marketability – Risk – Risk profile - Client Education – Investment process – Risk – return on investment – Diversification.

MODULE II: CLASSES OF ASSETS

(15 Hrs)

Debt as an asset class – Bank deposits – Fixed Income securities – Debt funds – Small saving schemes - Role of Debt in Wealth Management – Risk in Debt Securities – Equity as an Asset class – Investing in Equity – Rewards associated with equity – Risk associated with equity Factors affecting Purchase of a stock -Derivatives and structured Products – Real Estate as an

Asset classes – Investment in Mutual Funds and Hedge Funds – Taxation and Different Asset Classes

MODULE III: RETIREMENT FINANCIAL PLANNING (15 Hrs)

Meaning – Objectives – Timing – Inflation - Asset Selection – Sources of retirement Income - Future financial needs - Role of Insurance in Wealth Management – Types of Insurance – Uses of life Insurance- Insurance products – Term Insurance – Whole life insurance – Universal life insurance - Insurance for Retirement Planning – Avoidable mistakes in Retirement Planning

MODULE IV: ESTATE PLANNING (15 Hrs)

Concept - Need for Estate Planning – Tools for Estate Planning – Will – Trusts – Power of attorney -0 Living Will and durable power of attorney for health care - Considerations in Estate Planning – Title of Assets and Beneficiary Designations – Power of Attorneys for Asset Management – Considerations for Personal Property and Collectibles.

MODULE V: WEALTH MANAGEMENT STRATEGY (15 Hrs)

Concept – The Unwealthy habits – Looking down upon oneself- Being greedy – Doing things You do not like – Measuring happiness with money –Being extravagant – Preferring instant gratification – Complaining about things – Comparison with others – measuring wealth in monetary terms – Isolating Oneself From Once Family - Philosophy of Wealth Creation and Management – Long term perspective in Wealth Management – Principles of Winning – Role and services of Professional Wealth Manager

5. References

1. Dun & Bradstreet, Wealth Management-Tata McGraw-Hill
2. G. Victor Hallman, Jerry S. Rosen bloom: Private Wealth Management-The Complete Reference for the Personal Financial Planner; Tata McGraw-Hill
3. Frank.J. Fabozzi: Bond Market Analysis & Strategies – Pearson Education.
4. S. K. Bagchi, Wealth Management, Jaico
5. Balaji Rao DG, Wealth Management & Financial Planning: Concepts & Practices, Partridge Publishing India

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