



COURSE MANUAL

Name of the Elective Course:

Fundamentals of Investing: Actualizing Financial Independence

Course Code: L-EA-0507

Name of the responsible Faculty Instructor:

Prof. Raghuveer Nath

**FALL 2025
(AY2025-26)**

This document is prepared by the course instructor and contains basic information relevant to the execution of the course. It is the official record for all intends and purposes as far the elective course, *Fundamentals of Investing: Actualizing Financial Independence*, is concerned.

This course manual can be used as a general guide to the subject. However, the instructor can modify, extend or supplement the course (without tampering its basic framework and objectives) for the effective and efficient delivery of the course. The instructor will provide students with reasons for such changes.

Part I

Course Title: **Fundamentals of Investing: Actualizing Financial Independence**

Course Code: **L-EA-0507**

Course Duration: **One Semester (14 Weeks)**

No. of Credit Units: **2 Credits (Two)**

Level: **UG & PG (Both)**

Medium of Instruction: **English**

Pre-requisites (if applicable): **None**

Equivalent Courses: **N/A**

Part II

1. Acknowledgement of Course Ideators

The course has been designed by Prof. Raghuveer Nath (BA.LLB, JGLS | BCL, University of Oxford), the founder of SFI Wealth, and an adjunct faculty at Jindal Global University.

2. Course Description

The course is aimed at enabling students to cultivate a paradigm that allows them to view personal financial planning and management as an integral part of their lives. In particular, the central theme revolves around helping students establish a conceptual relationship with wealth that allows them to navigate the practical nuances and challenges of personal finance. Accordingly, the central aim of the course is to help students foster the paradigm necessary for long-term wealth creation.

The course is divided into three parts. In the first part, students learn to empathize with their future financial needs and the necessity to start investing early. Students learn to appreciate the impact of basic financial concepts such as inflation, interest rates, economic opportunity costs and on their daily lives. The power of compounding and the time value of money are discussed through a paradigm that enables students to understand their true wealth creation potential. Different investment avenues are explored, their respective risk-adjusted returns are analysed, and their suitability for different financial goals is discussed. By the end of this part, the course aims to enable students to develop a mental model that helps them understand how to achieve eventual financial independence.

The second part introduces students to basics of valuation in a manner that allows them to value any productive asset – including themselves (their economic potential). This valuation exercise goes beyond just their personal finances and includes valuing anything from a college degree to a vacation. This entails the step-by-step application of a time-tested framework that allows participants to realize when the markets are overvalued and undervalued, and thereby take advantage of these market anomalies. The wonderful consequences of delayed gratification are reinforced, and the exponential returns of consistent investing are practically demonstrated. Additionally, participants learn how to invest in alternative asset classes such as gold and commodities effectively and use it as a hedge against their other portfolio investments. By the end of this part, students should feel confident to take charge of their own financial health and make their investment decisions more effectively.

The third part is intended to help students uncover and appreciate inherent investment biases. This entails understanding concepts ranging from behavioural finance to behavioural economics that enable long-term wealth generation. Further, students learn basics of Inter-market Analysis, as propounded by Prof. Dr. J. Murphy. A comparative analysis of the same is conducted between the US and Indian markets. Participants learn to view market volatility as an opportunity and create an “all-weather” portfolio that works well across different market conditions. Further, the different interrelationships between asset classes are practically demonstrated and participants learn how to

capitalize on these relations. Practical issues of portfolio diversification and risk management are discussed.

In conclusion, the course aims to help students foster a paradigm that allows them to navigate the practicalities of achieving financial independence through cogent financial planning.

3. Course Aims

Please refer to the course description above as it outlines in detail the course aims.

4. Grading of Student Achievement

To pass this course, students shall obtain a minimum of 40% in the cumulative aspects of coursework, i.e., internal assessments (including moot court, mid-term exam, presentations, research paper) and the end term examination. Internal assessments shall carry a total of 70 marks. **End of semester exam shall carry 30 marks out of which students have to obtain a minimum of 30% marks to fulfil the requirement of passing the course.**

The details of the grades as well as the criteria for awarding such grades are provided below:

| PERCENTAGE OF MARKS | GRADE | GRADE VALUE | GRADE DESCRIPTION |
|---------------------|-------|-------------|---|
| 80 and above | O | 8 | Outstanding – Exceptional knowledge of the subject matter, thorough understanding of issues; ability to synthesize ideas, rules and principles and extraordinary critical and analytical ability |
| 75 – 79 | A+ | 7.5 | Excellent - Sound knowledge of the subject matter, thorough understanding of issues; ability to synthesize ideas, rules and principles and critical and analytical ability |
| 70 – 74 | A | 7 | Very Good - Sound knowledge of the subject matter, excellent organizational capacity, ability to synthesize ideas, rules and principles, critically analyze existing |

| PERCENTAGE OF MARKS | GRADE | GRADE VALUE | GRADE DESCRIPTION |
|---------------------|-------|-------------|---|
| | | | materials and originality in thinking and presentation |
| 65 – 69 | A- | 6 | Good - Good understanding of the subject matter, ability to identify issues and provide balanced solutions to problems and good critical and analytical skills |
| 60 – 64 | B+ | 5 | Fair – Average understanding of the subject matter, limited ability to identify issues and provide solutions to problems and reasonable critical and analytical skills |
| 55 – 59 | B | 4 | Acceptable - Adequate knowledge of the subject matter to go to the next level of study and reasonable critical and analytical skills. |
| 50 – 54 | B- | 3 | Marginal - Limited knowledge of the subject matter and irrelevant use of materials and, poor critical and analytical skills |
| 45 – 49 | P1 | 2 | Pass 1 – Pass with basic understanding of the subject matter |
| 40 – 44 | P2 | 1 | Pass 2 – Pass with rudimentary understanding of the subject matter |
| Below 40 | F | 0 | Fail - Poor comprehension of the subject matter; poor critical and analytical skills and marginal use of the relevant materials. Will require repeating the course |
| Incomplete | I | 0 | Incomplete - “Extenuating circumstances” preventing the student from taking the end-semester, or re-sit, examination as the case may be; the Vice Dean (Examinations) at their discretion assign the “I” grade. If an "I" grade is assigned, the student would appear for the end-semester, or re-sit examination, as the case may be, as and when the subsequent opportunity is provided by the University. |

5. Criteria for Student Assessments

Assessment of the participants will be based on the following criteria.

| Assessment | Weightage | Remarks |
|---|-----------|--|
| Class Participation | 10 Marks | Based on the level of engagement in class. |
| Assignment – 1 <i>Sectoral Earnings Analysis</i> | 25 Marks | This is an individual assignment where students will be required to analyze the sector allocated to them. |
| Assignment – 2 <i>Magic Formula Investing</i> | 25 Marks | This is an individual assignment where students will be required to create a portfolio of stocks using the learnings in class. |
| End Semester Examination (Compulsory) | 40 Marks | There will be a compulsory end-semester examination/component for all participants of the course who have successfully met the requisite attendance as per the governing JGU policies. |

Part III

COURSE POLICIES:

Cell Phones, Laptops and Similar Gadgets

Use of mobile phones by students during the lectures will be at the instructor's discretion. Cell phones must be kept on silent or do-not-disturb mode to avoid disturbing the lecture. Use of laptops and similar gadgets may be allowed upon the instructor's discretion for learning purposes.

Academic Integrity and Plagiarism

Learning and knowledge production of any kind is a collaborative process. Collaboration demands an ethical responsibility to acknowledge who we have learnt from, what we have learned, and how reading and learning from others have helped us shape our own ideas. Even our own ideas demand an acknowledgement of the sources and processes through which those ideas have emerged. Thus, all ideas must be supported by citations. All ideas borrowed from articles, books, journals, magazines, case laws, statutes, photographs, films, paintings, etc., in print or online, must be credited with the original source. If the source or inspiration of your idea is a friend, a casual chat, something that you overheard,

or heard being discussed at a conference or in class, even they must be duly credited. If you paraphrase or directly quote from a web source in the examination, presentation or essays, the source must be acknowledged. The university has a framework to deal with cases of plagiarism. All form of plagiarism will be taken seriously by the University and prescribed sanctions will be imposed on those who commit plagiarism.

Disability Support and Accommodation Requirements

JGU endeavours to make all its courses inclusive and accessible to students with different abilities. In accordance with the Rights of Persons with Disabilities Act (2016), the JGU Disability Support Committee (DSC) has identified conditions that could hinder a student's overall well-being. These include physical and mobility related difficulties, visual and hearing impairment, mental health conditions and intellectual/learning difficulties e.g., dyslexia, dyscalculia. Students with any known disability needing academic and other support are required to register with the Disability Support Committee (DSC) by following the procedure specified at <https://jgu.edu.in/disability-support-committee/>

Students who need support may register before the deadline for registration ends, as communicated by the DSC via email each semester. Those students who wish to continue receiving support from the previous semester, must re-register every semester prior to the deadline for re-registration as communicated by the DSC via email. Last minute registrations and support are discouraged and might not be possible as sufficient time is required to make the arrangements for support.

The DSC maintains strict confidentiality about the identity of the student and the nature of their disability and the same is requested from faculty members and staff as well. The DSC takes a strong stance against in-class and out-of-class references made about a student's disability without their consent and disrespectful comments referring to a student's disability. With due respect for confidentiality, faculty and students are encouraged to have honest conversations about the needs of students with disabilities and to discuss how a course may be better tailored to cater to a student with disability.

All general queries are to be addressed to disabilitysupportcommittee@jgu.edu.in

Safe Space Pledge

This course may discuss a range of issues and events that might result in distress for some students. Discussions in the course might also provoke strong emotional responses. To make sure that all students collectively benefit from the course, and do not feel disturbed due to either the content of the course or the conduct of the discussions. Therefore, it is incumbent upon all within the classroom to pledge to maintain respect towards our peers. This does not mean that you need to feel restrained about what you feel and what you want to say. Conversely, this is about creating a safe space where everyone can speak and learn without inhibitions and fear. This responsibility lies not only with students, but also with the instructor.

P.S. The course instructor, as part of introducing the course manual, will discuss the scope of the Safe Space Pledge with the class.

Part IV

Keywords Syllabus

Keywords will be shared in class.

Course Design and Overview (Weekly Plan)

| Week(s) | Topics |
|----------------|---|
| 1 | Introduction to Investing – Cultivating the Necessary Paradigms for Passive Investing |
| 2&3 | PE Ratio and its Application |
| 4 | Unproductive Assets: Gold and Cryptocurrencies |
| 5&6 | Understanding the Economic Cycle and its Impact on our Investments |
| 7&8 | Practical Application of Dow Theory |
| 9 | Intermarket Analysis |
| 10&11 | Factor-based Investing: Identifying Economic Moats |
| 12 | Investing in IPOs: Selling a Dream? |
| 13 | Penny Stocks and Market Manipulation |
| 14 | REVISION WEEK [NOTE: There shall be teaching classes scheduled during the fourteenth week subject to the JGU Academic Calendar circulated by the Office of the Registrar, JGU and any official declaration of non-working days by the JGU Registrar.] |

Module Descriptions:

The topic-wise module descriptions are provided below, along with the weeks in which they are intended to be covered:

Week 1: Introduction to Investing – Cultivating the Necessary Paradigms for Passive Investing

We will delve into the fundamental reasons for investing and the critical differences between simple and compound interest. Understanding these concepts is essential for making informed financial decisions and maximizing investment returns. We will also explore the concept of the Time Value of Money (TVM), which is a cornerstone of financial analysis. TVM helps us understand how the value of money changes over time due to interest rates and investment growth.

Furthermore, we will define the term "financial independence" and discuss various strategies for achieving it. This will include practical approaches to managing personal finances and planning for long-term financial security.

Additionally, we will learn how to calculate the expected returns of the Indian stock market and examine how these returns are influenced by the country's Gross Domestic Product (GDP). By analyzing the relationship between GDP and stock market performance, we can better understand how economic conditions impact investment opportunities. This comprehensive approach will provide you with the tools needed to make informed investment choices and build a secure financial future.

Weeks 2&3: PE Ratio and its Application

We will begin by thoroughly examining the concept of the Price-to-Earnings (PE) Ratio, a fundamental metric used in financial analysis. The PE Ratio measures a company's current share price relative to its earnings per share, providing insights into its valuation and investment potential. We will then explore the versatility of the PE Ratio, discussing its applications beyond the stock market. This includes its use in evaluating real estate investments, assessing fixed deposits (FDs), and other financial contexts. Understanding these varied applications will help you grasp how the PE Ratio can be a valuable tool across different asset classes.

Following this, we will focus on how to apply the PE Ratio effectively for stock market investments. We will delve into practical strategies for using the PE Ratio to analyze and invest in stocks, with a particular emphasis on the Nifty 50 index. This practical application will demonstrate how to leverage the PE Ratio to make informed investment decisions. Finally, we will address and correct common misconceptions about the PE Ratio. We will highlight the key differences between applying the PE Ratio to market indices and individual stocks, ensuring you understand how to interpret this metric accurately in various contexts. This comprehensive approach will enhance your ability to use the PE Ratio as a tool for effective financial analysis and investment decision-making.

Week 4: Unproductive Assets: Gold and Cryptocurrencies

We will begin by exploring the fundamental distinctions between productive and unproductive assets. Understanding this differentiation is crucial for making informed investment decisions.

We will then turn our attention to gold as an investment asset. This will involve analyzing why gold returns can vary significantly in international markets and discussing what future trends we might expect for gold investments. We will also review various methods of investing in gold, evaluating their potential benefits and risks.

Furthermore, we will examine emerging technologies in the investment landscape, such as blockchain, cryptocurrencies, and NFTs (non-fungible tokens). We will clarify how these technologies differ from one another and their respective implications for investors. Additionally, we will investigate common fraudulent practices, such as pump-and-dump schemes, which are prevalent in the cryptocurrency market. This comprehensive approach will equip you with a thorough understanding of these investment options and their associated risks.

Weeks 5&6: Understanding the Economic Cycle and its Impact on our Investments

In this module students will be introduced to the foundational workings of an economy and explore why economic activity tends to move in cyclical phases—expansion, peak, contraction, and recovery. We will study how these stages impact business growth, employment, inflation, and most importantly, investment outcomes. Special focus will be given to the tools that governments and central banks use to manage the cycle, particularly monetary policy (interest rates, liquidity management) and fiscal policy (taxation and government spending), and how these influence financial markets during different economic conditions.

Further, students will develop a deeper understanding of the central role of interest rates in shaping investor behavior and driving returns in the equity markets. We will examine how rising or falling interest rates impact sectors differently and shift capital between asset classes. Additionally, students will explore the global influence of the U.S. Federal Reserve, especially how its rate decisions and liquidity actions ripple into emerging market economies, often constraining their own monetary policies. By the end of the module, students will not only understand the structure of the economic cycle, but also gain insight into how macroeconomic shifts guide market trends and investor strategy.

Weeks 7&8: Practical Application of Dow Theory

In this module, students will be introduced to one of the earliest and most influential frameworks for understanding market trends. Developed by Charles Dow over a century

ago, Dow Theory remains highly relevant even today as a foundational approach to technical analysis. The core focus of this module is to help students identify the major (primary) market trends, whether upward or downward, and distinguish them from secondary (intermediate) corrections and tertiary (short-term) fluctuations. By studying these distinct phases, students will begin to grasp the importance of aligning their investment decisions with the prevailing trend—a concept summed up by the popular saying, “the trend is your friend until it bends.”

What sets this module apart is its practical orientation in the Indian market context. Students will not only learn the theoretical principles of Dow Theory but also how to apply its rules to Indian indices and sectors, using real-time charts and historical data from the Sensex and Nifty. We will explore confirmation signals, volume analysis, and trend reversals through Indian market case studies, allowing students to sharpen their analytical skills and develop a disciplined approach to recognizing broader market direction. By the end of this module, students will be equipped with a clear method to interpret market sentiment and momentum, helping them become more confident and informed investors.

Week 9: Intermarket Analysis

Intermarket Analysis, a concept initially developed by John J. Murphy in the USA, examines the interrelationships among various asset classes to identify long-term trends. Murphy's analysis primarily focused on the U.S. market, but in this course, we will extend these principles to the Indian context.

We will explore how different asset classes in India—such as equities, debt instruments, gold, and commodities—interact with one another. Understanding these relationships helps us recognize how changes in the economic environment can influence these connections. For example, shifts in economic policy or market conditions can alter how assets perform relative to one another.

Furthermore, we will discuss how intermarket analysis can be applied to diversify investment portfolios effectively. By analyzing how various assets move in relation to each other, investors can make informed decisions to balance their portfolios, mitigate risks, and capitalize on emerging opportunities. This approach enhances our ability to manage investments wisely in a dynamic economic landscape.

Weeks 10&11: Factor-based Investing: Identifying Economic Moats

Factor-based investing is a strategy that involves selecting securities based on specific characteristics, or "factors." In this section, we will explore the advantages and disadvantages of factor-based investing, providing a comprehensive understanding of its benefits and potential drawbacks in contrast to index investing.

we will explore the concept of economic moats—the enduring competitive advantages that allow certain businesses to protect their market share and sustain profitability over time. Understanding moats is essential for identifying companies that can deliver long-term value. We will also learn how Magic Formula Investing, popularized by Prof. Joel Greenblatt, offers a systematic way to uncover such businesses by focusing on two key indicators: high return on capital and a low valuation. This approach helps investors filter for companies that not only appear undervalued but also have strong underlying business fundamentals, often linked to the presence of a durable moat.

Week 12: Investing in IPOs: Selling a Dream?

We will dive into the world of Initial Public Offerings (IPOs)—the process through which private companies raise capital by offering shares to the public for the first time. While IPOs are often accompanied by media hype and investor excitement, this module will focus on the realities behind the headlines. We will examine how IPO pricing works, why companies choose to go public, and—most importantly—why IPOs are frequently overvalued at the time of listing.

Through data and case studies, students will learn that IPO investing often delivers subpar long-term returns, and that retail investors typically bear the risk of inflated valuations. This module is designed to equip you with a critical lens for evaluating IPO opportunities in a rational, evidence-based manner.

Week 13: Penny Stocks and Market Manipulation

In this session on Penny Stocks and Market Manipulation, we will uncover the darker corners of the financial markets where low-priced, thinly traded stocks—commonly known as penny stocks—are often used as vehicles for deception and speculation. Students will learn how the promise of quick and easy profits draws in unsuspecting retail investors, only to leave many of them with significant losses. We will explore the systematic tactics used in pump-and-dump schemes, social media hype cycles, and coordinated manipulation efforts, using real-life case studies to illustrate how these scams unfold. Importantly, we will also examine how companies with weak or non-existent fundamentals are routinely propped up through these schemes, reinforcing the need for strong due diligence and skepticism in high-risk segments of the market.

Week 14: Revision

We will revise all the major topics learnt in the course and understand some important points about attempting the end-term examination properly.

Part V Relevant Readings / Essential Readings

Week 1: Introduction to Investing – Cultivating the Necessary Paradigms for Passive Investing

1. Benjamin Graham, (2006). *The Intelligent Investor* (Rev. ed.), Chapter 1, “Investment versus Speculation”, Harper Business. (Original work published 1949)
2. Peter Lynch (1989), *One Up on Wall Street*, Chapter 1, “Advantages of Dumb Money”, New York: Simon & Schuster.

Week 2&3: PE Ratio and its Application

1. Module-3 Fundamental Analysis; Ch-11 The Financial Ratio Analysis (part-3), Pg no. 122, 123 & 124.
2. Price Earning Ratio: Definition, NYU Stern, by Aswath Damodaran.
<https://pages.stern.nyu.edu/~adamodar/pdfiles/eqnotes/earnmult.pdf>
3. Do you know your home's PE ratio, article written by Babar Zaidi, Business Today (2006). <https://www.businesstoday.in/magazine/real-estate/story/do-you-know-your-homes-pe-ratio-11541-2006-11-30>

Weeks 4: Unproductive Assets: Gold and Cryptocurrencies

1. The Truth About Blockchain, written by Marco Iansiti and Karim R. Lakhan; Harvard Business Review. (<https://hbr.org/2017/01/the-truth-about-blockchain>)
2. Warren Buffett Says Crypto “Doesn’t Produce Anything” (2022), forbs.
(<https://www.forbes.com/sites/qai/2022/05/04/warren-buffett-says-crypto-doesnt-produce-anything/>)
3. Here's why NFTs are crypto's latest pump-and-dump scheme designed to make

crypto insiders rich, an article published by Business Insider, 2021.

<https://www.businessinsider.com/nfts-cryptos-scheme-value-pump-and-dump-2021-6?IR=T>

4. The direct economic impact of gold (2013), PricewaterhouseCoopers LLP ("PwC") in relation to this report has been carried out only for the World Gold Council; pg no. -27 to 33.

https://www.gold.org/sites/default/files/documents/PWC_direct_economic_impact_of_gold.pdf

5. Why Has Gold Always Been Valuable (2023) By Michael Bromberg; Investopedia.
<https://www.investopedia.com/articles/investing/071114/why-gold-has-always-had-value.asp>

Weeks 5&6: Understanding the Economic Cycle and its Impact on our Investments

1. How the Economic Machine Works and How it is Reflected Now (2008), by Ray Dalio.

[https://media.economist.com/sites/default/files/pdfs/A_Template_for_Understanding - Ray Dalio Bridgewater.pdf](https://media.economist.com/sites/default/files/pdfs/A_Template_for_Understanding_-_Ray_Dalio_Bridgewater.pdf)

2. The History of Economic Development in India since Independence (2015); Association For Asian Studies, Nimish Adhia.

<https://www.asianstudies.org/publications/ea/archives/the-history-of-economic-development-in-india-since-independence/>

3. How America became the most powerful country on Earth, in 11 maps (2015), by Max Fisher.

<https://www.vox.com/2015/5/20/8615345/america-global-power-maps>

Weeks 7&8: Practical Application of Dow Theory

1. Here's What Warren Buffet Thinks About The Efficient Market Hypothesis (2010), Business Insider. <https://www.businessinsider.com/warren-buffett-on-efficient-market-hypothesis-2010-12?IR=T>
2. Module-2, Technical Analysis, Ch-17; THE DOW THEORY (PART-1), Varsity Zerodha; Pg. no. 136 to 150. [PDF](#)
3. Implication Of Dow Theory in Indian Stock Market (2017), written by Sameer Yadav; Research Scholar, Department of Commerce and Business Administration University of Allahabad.

Week 9: Intermarket Analysis

1. YouTube Video: *IFTA London - John J Murphy - Trading with Intermarket Analysis*, Link: <https://www.youtube.com/watch?v=rvo1M1fqIuE>
2. Intermarket Analysis, *The Relationship Between Financial Assets' Performance and Economic Cycle (2017)*, Macarena Bermúdez De Castro Aguado; Icade Business School.
<https://repositorio.comillas.edu/jspui/bitstream/11531/25167/1/TFM000900.pdf>.

Weeks 10&11: Factor-based Investing: Identifying Economic Moats

1. An Overview of Factor Investing; Darby Nielson, CFA, Frank Nielsen, CFA and Bobby Barnes; Fidelity Investments.
<https://institutional.fidelity.com/app/proxy/content?literatureURL=/9861487.PDF>
2. Magic Formula Investing and The Swedish Stock Market, Can the Magic Formula beat the market; Lund University (*School of Economics and Management*).

<https://lup.lub.lu.se/luur/download?func=downloadFile&recordId=8932178&fileId=8932179>.

Week 12: Investing in IPOs: Selling a Dream?

1. Wanted ₹12 Crore, Got ₹4800 Crore: SEBI Red Flags SME IPOs, Business Today, (Discusses a SEBI official's concerns over SME IPO oversubscriptions and calls for scrutiny to protect investors from potential manipulation). - [Read Full Article](#)
2. Over Half of Investors Exit Within a Week of Listing: SEBI Study, The Hindu Business Line, (Highlights a SEBI study showing that many investors sell their IPO holdings within a week, questioning the long-term value of IPO investments.- [Read Full Article](#)
3. SME Woes: SEBI Flags Fraud by 2 Companies to Pump Up Stock, Times of India, Reports on SEBI's findings of fraudulent activities by two SME companies, emphasizing regulatory challenges and risks in the SME segment). [Read Full Article](#)

Week 13: Penny Stocks and Market Manipulation

1. What the Pump and Dump Sadhna Scam is about, Times of India, (Explains the "pump and dump" Sadhna scam, where individuals manipulated stock prices by spreading false positive news, attracting unsuspecting investors) - [Read Full Article](#)
2. Penny Stocks: What You Need to Know Before Investing, (Provides an overview of penny stocks, discussing their high-risk nature, volatility, and importance of investor due diligence.) - [Read Full Article](#)