



L	T	P/S	SW/F W	TOTAL CREDIT UNITS
3		-	-	3

**Course Title: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**

**Course Code: FIBA717**

**Credit Units: 3**

**Level: PG**

**Course Objectives:** This course aims at developing an understanding of the changing domestic and global investment scenario in general and Indian capital market in particular with reference to availability of various financial products and operations of stock exchanges. It aims at providing an in-depth knowledge of the theory and practice of portfolio management. Important theories, techniques, regulations and certain advancements in theory of investment will be covered with an aim of helping the participants make sound investment decisions in the context of portfolio investment.

**Pre-requisites:** Candidates with basic knowledge of financial management

**Student Learning Outcomes:** On the successful completion of this course the student will be able to:

- Understand the various alternatives available for investment.
- Learn to measure risk and return.
- Find the relationship between risk and return.
- Value the equities and bonds.
- Gain knowledge of the various strategies followed by investment practitioners.

**Course Contents/Syllabus:**

	Weightage (%)
<b>Module I : Nature and Scope of Investment Management and Portfolio Analysis: Overview</b>	15
<b>Descriptors/Topics: Basics of stock markets.</b> Investment versus Speculation, Investment Alternatives and Their Evaluation, Financial Markets, Portfolio Management Process, Approaches to Investment Decision Making, Common Errors in Investment Management, and Qualities of Successful Investing. Role of Portfolio Management, Portfolio Management Practices in International markets.	

<b>Module II: Basic Concepts and Methods</b>	<b>20</b>
<p><b>Descriptors/Topics: Risk and Return</b> – Measuring Historical Return, Measuring Historical Risk, Measuring Expected (Ex Ante) Return and Risk.</p> <p><b>Fundamental Analysis:</b> Economic Analysis, Industry Analysis , Company Analysis Framework</p> <p><b>Technical Analysis :</b> Basic Tenets of Technical Analysis - Dow Theory - Behavior of Stock Prices - Major Trends - Charts and Trend Lines - Resistance and support Lines - Different Patterns, Elliot Wave Theory, Efficient market theory.</p>	
<b>Module III : Modern Portfolio Theory</b>	<b>20</b>
<p><b>Descriptors/Topics: Portfolio Theory: The Benefits of Diversification,</b> Diversification and Portfolio Risk, Portfolio Return and Risk, Measurement of Co movements in Security Returns, Calculation of Portfolio Risk, Efficient Frontier, Optimal Portfolio.</p> <p><b>Capital Asset Pricing Model</b> - Assumptions – Inputs Required for Applying CAPM, The Capital Market Line - Security Market Line, Pricing of Securities with CAPM. FAMA French Model, Limitations for all models.</p>	
<b>Module IV : Equity and Bond Valuation</b>	<b>25</b>
<p><b>Descriptors/Topics</b></p> <p><b>Equity Valuation:</b> Balance Sheet Techniques- Book value, Liquidation value, Replacement cost. Discounted Cash Flow Techniques: Dividend discount model, Free cash flow model. Relative Valuation Techniques: Price-earnings ratio, Price-book value ratio, Price-sales ratio.</p> <p><b>Bond Valuation:</b> Bond Returns, Coupon Rate, Current Yield, Yield to Maturity, Yield to Call, Bond duration.</p>	
<b>Module V: Portfolio Management</b>	<b>20</b>
<p><b>Descriptors/Topics</b></p> <p>Specification of Investment Objectives and Constraints, Selection of Asset Mix, Formulation of Portfolio Strategy, Selection of Securities, Portfolio Execution, Portfolio Revision, Performance Evaluation. Performance Measures- Treynor Measure, Sharpe Measure, Jensen Measure. Asset Allocation.</p>	

**Pedagogy for Course Delivery:** Tutorials, Interactive sessions, Stock Simulation Games, Case studies, Field visits, Management games, Extensive research projects, Seminars, Weekend experience in companies - the course is covered by adopting a combination of lecture methods, class presentation by groups of students, self study sessions. Each student is required to do the back ground reading from the specified chapters of the prescribed book before coming to class. Cases are also to be analyzed, discussed in groups (teams) outside the class as preparatory work.

**Assessment/ Examination Scheme:**

<b>Theory L/T (%)</b>	<b>Lab/Practical/Studio (%)</b>	<b>End Term Examination</b>
<b>100</b>		<b>70</b>

**Theory Assessment (L&T):**

<b>Continuous Assessment/Internal Assessment</b>					<b>End Term Examination</b>
<b>Components (Drop down)</b>	<b>Class Test</b>	<b>Viva</b>	<b>Assignment</b>	<b>Case Study</b>	<b>End Term Exam</b>
<b>Weightage (%)</b>	10	5	5	5	70

**Lab/ Practical/ Studio Assessment:**

	<b>Continuous Assessment/Internal Assessment</b>				<b>End Term Examination</b>		
<b>Components (Drop down)</b>							
<b>Weightage (%)</b>							

**Text**

- Investment Analysis and Portfolio Management, Chandra, P (Tata McGraw Hill Publishing Co. Ltd.)

**References:**

- Security Analysis and Portfolio Management, S. Kevin (PHI Publications)
- Investment Analysis and Portfolio Management, 6e, Frank K. Reilly and Keith C. Brown (Dryden Press)
- Modern Investments and Security Analysis, Fuller R J; Farrel JL (McGraw Hill)
- Security Analysis and Portfolio Management, 6e, Fischer DE & Jordan R J (Prentice Hall).
- Portfolio Construction, Management & Protection, 3e, Strong, R.A., Thomson Learning Pvt. Limited
- Portfolio Management, Barua, S. K.; Raghunathan V; Varma, J R (Tata McGraw Hill Publishing Co. Ltd.)
- Investments, 6e, Bodie, Zvi; Kane, Alex; Marcus, Alan J; Mohanty, Pitabas (Tata McGraw Hill Publishing Co. Ltd.)
- Modern Investment Theory, 5e, Haugen, Robert A (Pearson Education)
- Investments: Analysis and Management, 8e, Jones, Charles P (John Wiley & Sons)