

MBA II Semester III
Security Analysis and Portfolio Management (SAPM)

1. Course Objectives:

- a. To familiarise the students with various investment markets and functioning of markets.
- b. To equip the students with the theoretical and practical knowledge of capital market.
- c. To develop the skills for developing the portfolio constructions, revision, reconstruction and investment advisory.

2. Course Duration:

The total hours for teaching this course will be 50 hours, which will be divided into 40 sessions of 75 minutes duration each.

3. Course contents:

The course will contain following modules:

Module No.	Modules / Sub-Modules	Sessions	Marks (20% of 70 each)
I	Introduction to the landscape of investment. Define investment. Investment alternative. Discussion of assets- Innovative products- technological changes. Development in Indian capital markets. The process of investment trading- margin trading etc, types of orders. World markets. Various indices and its construction. Risk and return in investment. Real return-nominal return. Historical and expected return. Risk-valuation of risk. Sources of risk. Company stock market interest, inflation, credit risk. Portfolio risk. Power of diversification.	8	14
II	Security analysis and valuation. The fundamental analysis.EIC framework-economic analysis- variables tracked-industry analysis- variables tracked- company analysis- variables analysed. Equity valuation.DCF methodology-dividend discounting and free cash flow discounting. Sources of information and trouble shots of financial statements. Behaviour finance and efficient market theory and technical analysis. Tools and uses.	8	14
III	Fixed- income securities and derivatives. Investment in bonds. Structuring terms, valuation of bonds. Derivative market. Futures and options (F&O), future swaps.	8	14

IV	Portfolio management. Capital market theory. The CAPM and Marko Witz. Portfolio analysis, inputs for construction, portfolio selection.	8	14
V	Performance evaluation of portfolio, portfolio revision and portfolio management. Asset management companies: mutual funds. Performance evaluation of mutual funds.	8	14

4. Teaching Methods:

The following pedagogical tools shall be used for teaching the subject:

- The suggested method is chalk and talk.
- Students can give weekly review of various markets which can be the part of internal assessment.
- A project on valuation of selected companies based on fundamental and technical analysis could be done.

5. Evaluation:

The evaluation of participants will be on continuous basis comprising of the following elements:

A	Projects/ Assignments/ Quizzes/ Class participation etc	Weightage 10% (Internal Assessment)
B	Mid-Semester examination	Weightage 20 % (Internal Assessment)
C	End –Semester Examination	Weightage 70% (External Assessment)

6. Text Books:

There are plenty of books available with good coverage of the syllabus. Apart from selecting a book from the list students are also requested to refer financial dailies regularly. It is also advisable to watch business channels on T.V.

Sr. No.	Authors	Name of the Books	Publisher	Edition & Year of Publication
T1	Reilly/Rrown,	Investments-Analysis and Portfolio Management	Cengage Learning	Latest Edition
T2	Zvi Bodie, Alex Kane, Alan J Marcus and Pitabas Mohanty,	Investments	Tata McGraw Hill	Latest Edition
T3	M. Rangnatham and R. Madhumathi,	Investment Analysis and Portfolio Management	Pearson	Latest Edition

7. Reference Books:

(Latest available editions should only be considered)

Sr. No.	Authors	Name of the Books	Publisher	Edition & Year of Publication
R1	Mark Hirschey and John Nofsinger,	Investment Analysis and Behaviour	TMH	Latest Edition
R2	Fischer and Jordon,	Security analysis and Portfolio Management	Pearson	Latest Edition
R3	Edwin Elton, Martin Gruber, Stephen	Modern portfolio: theory and investment analysis	Brown and William Goetsmann	Latest Edition
R4	Ranganatham and Madhumathi,	Investment Analysis and Portfolio Management	Pearson	Latest Edition
R5	Sudhindra Bhatt,	Security analysis and Portfolio Management	Excel	Latest Edition
R6	Gordon Alexander, William Sharpe and Jeffery Bailey,	Fundamental of Investments	Pearson	Latest Edition
R7	Geoffery Hirt and Stanley Block,	Fundamentals of investment Management	TMH	Latest Edition

R8	by Rohini Singh,	Security Analysis and Portfolio Management	Excel	Latest Edition
R9	David Luemberger,	Investment science	Oxford	Latest Edition
R10	Thomas Ho Sang Bin Lee,	Securities valuation, applications of financial modelling	Oxford	Latest Edition
R11	Jack Clark Francis,	Investments; Analysis and Management	Tata McGraw-Hill	Latest Edition
R12	Prasanna Chandra,	Investment Analysis and Portfolio Management	Tata McGraw-Hill	Latest Edition
R13	Russel Fuller and James Farrel,	Modern Investment and security analysis	Tata McGraw-Hill	Latest Edition
R14	V. A. Avadhani	Securities Analysis and Portfolio Management,	Himalaya	Latest Edition
R15	Preeti Singh,	Investment Management	Himalaya	Latest Edition

8. Lists of Journals/ Periodicals/ Magazines/ Newspapers:

Journal of Security Analysis and Portfolio Management.

NB: The Instructor/s (Faculty Member/s) will be required to guide the students regarding suggested readings from Text(s) and references in items 6 and 7 mentioned above.

9. Session plan

Security Analysis and Portfolio Management

Session no.	Topic
1-8	<p>The nature of investment decisions. The investment process. Discussion on alternative investments.</p> <p>Stock trading process, Indian capital markets reforms. Electronic trading, margin trading stock, commodity and other indices</p> <p>Types of trading. Visiting a stock trading terminal and discussion with day traders and other investors. Problems on margin calculation and unisex calculation.</p> <p>Risk and return. Definition of return holding period return, past and future return. Rise estimation measures of risk, sources of risk; Risk in the portfolio context. Systematic v/s non systematic risk. Problems on risk calculation.</p>
8-15	<p>Security Analysis. The top down approach. Economic Analysis. Industry analysis.</p> <p>Company Analysis and estimation of cash flows. Discussion on OCF application in stock valuation. Dividends and free cash flows. Solving problems.</p> <p>Technical Analysis. Tools and application. Drawing charts</p> <p>Behavioural finance and efficient market theory.</p>
16-23	<p>Fixed income securities and derivatives. Investment in bonds, types of sands, Investment process in bonds</p> <p>Derivatives: Introduction to futures and options. Types of derivatives. Risk management through derivatives. Valuation of derivatives. Investment strategies with the help of derivatives.</p>
24-31	<p>Theories of capital market. CAPM, Arbitrage theory and multifactor model</p> <p>Portfolio Analysis, Listing down data inputs, selection and construction of optimal portfolios</p> <p>Performance and evaluation of portfolios. Portfolio revision and portfolio management</p>
32-40	<p>Asset management companies. Closed and open end funds (mutual funds). Types of mutual fund. Performance evaluation of mutual funds. Sharpe, Treynor, Jensen, M2 Fama's Net Selectivity, etc</p>