



# GUJARAT TECHNOLOGICAL UNIVERSITY

Program Name: Master of Business Administration

Level: PG

Course / Subject Code : MB03000031

Course / Subject Name : Security Analysis and Portfolio Management

w. e. f. Academic Year:	2024-25
Semester:	3
Category of the Course:	Specialization Finance (Major 1)/ Major Subject 1

<b>Prerequisite:</b>	Any Graduate
<b>Rationale:</b>	The course on Security Analysis and Portfolio Management (SAPM) provides students with a foundational understanding of investment decision-making, risk-return analysis, and portfolio construction. It covers key topics such as security valuation, fundamental and technical analysis, and modern portfolio theory. The course introduces tools like CAPM, APT, and Sharpe's model to evaluate and optimise investment portfolios. It also explores recent trends, such as behavioural finance and market anomalies. SAPM equips students with the analytical and practical skills required for careers in investment, equity research, and portfolio management.

## Course Outcome:

After Completion of the Course, the Student will able to:

No	Course Outcomes	RBT Level
01	Understand Investment Objectives, Constraints, Process and Instruments and analyse risk-return trade-offs of different investment options.	Understand and Analyse
02	Apply fundamental and technical analysis to assess investment opportunities.	Apply
03	Construct, evaluate and manage an optimal portfolio using various theories and models.	Evaluate and Create
04	Analyse bond prices, yields and duration by application of valuation methods.	Analyse

\*Revised Bloom's Taxonomy (RBT)

## Teaching and Examination Scheme:

Teaching Scheme (in Hours)			Total Credits L+T+ (PR/2)	Assessment Pattern and Marks				Total Marks
L	T	PR		C	Theory		Tutorial / Practical	
			ESE (E)		PA / CA (M)	PA/CA (I)	ESE (V)	
3	1	0	4	70	30	50	0	150



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## Course Content:

Unit No.	Content	No. of Hours	% of Weightage
1.	<b>Introduction to Investment:</b> <ul style="list-style-type: none"><li>• Introduction</li><li>• Investment vs. Speculation, Investment vs. Gambling</li><li>• Investment Objectives, Investment Attributes</li><li>• Investment Process</li><li>• Security Analysis vs. Portfolio Management</li><li>• Portfolio Management Process</li><li>• Meaning and Types of Returns Holding Period Return (<b>Theory and Numerical</b>). Expected Return–Annualized return – measurement of return.</li><li>• Risk – Types of Risk – Measurement of Risk (<b>Theory and numerical</b>).</li></ul>	10	17
2.	<b>Security analysis:</b> <ul style="list-style-type: none"><li>• Fundamental Analysis: Economic, Industry and Company Analysis, Forecasting earnings, Efficient Market Hypothesis, Different Forms of EMH and their Empirical Tests</li><li>• Technical Analysis: Charting Tools, Market Indicators, Dow Theory, Elliot Wave Theory, Random Walk Theory</li><li>• Introduction to Behavioral Finance</li><li>• Introduction to Market Anomalies (Calendar or seasonal anomalies, Cross-section anomalies, Event-based anomalies, Momentum and reversal)</li></ul>	12	18
3.	<b>Selection / Construction of Securities by applying theories:</b> <ul style="list-style-type: none"><li>• Markowitz Model - Efficient Frontier</li><li>• Constructing an Optimal portfolio using Sharpe's Single Index Model (<b>Theory and Numerical</b>).</li><li>• Capital Market Theory: CML, SML, Capital Asset Pricing Model, (<b>Theory and Numerical</b>).</li><li>• Arbitrage Pricing Theory (<b>Only Theory</b>)</li></ul>	13	17
4.	<b>Portfolio Management &amp; Measurement:</b> <ul style="list-style-type: none"><li>• Portfolio Execution</li><li>• Portfolio Revision and Performance Evaluation (<b>Theory and Numerical</b>).</li></ul> <b>Bonds &amp; Valuation:</b> <ul style="list-style-type: none"><li>• Bond Prices &amp; Yields (<b>Theory and Numerical</b>).</li></ul>	10	18



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	<ul style="list-style-type: none"> <li>• Types of bonds.</li> <li>• Duration of Bonds (<b>Theory and Numerical</b>).</li> <li>• Bond Management Strategies, Analysis of Bonds (Rating).</li> </ul>		
5.	<p><b>Practical:</b></p> <ol style="list-style-type: none"> <li>1. Conduct an Economic, Industry, and Company (EIC) Analysis for a real-world business using financial reports and market trends.</li> <li>2. Use financial statements, macroeconomic indicators, and industry benchmarks for investment decision-making.</li> <li>3. Calculate bond yields, duration, and pricing using real-time bond market data.</li> <li>4. Compute expected return using CAPM, analyzing stock betas from market data. Compare actual vs. expected returns to assess asset mispricing.</li> <li>5. Construct an optimal portfolio using the Sharpe Single Index Model. Choose stocks based on beta, risk-free rate, and expected return and compute the Sharpe Ratio.</li> <li>6. Compare mutual fund performance using NAV, Sharpe Ratio, Treynor Ratio, and Jensen’s Alpha.</li> <li>7. Track performance of funds like Equity, Debt, Hybrid, and Index Funds.</li> <li>8. Study real-world Market Anomalies (e.g., January Effect, Small-Firm Effect, Momentum &amp; Reversal Anomalies).</li> <li>9. Conduct a behavioral experiment on how investors react to news &amp; market trends.</li> <li>10. Analyze real-world financial events using films like Harshad Mehta, Wall Street, Rogue Trader, Inside Job, Big Short, Wolf of Wall Street.</li> <li>11. Discuss fraud cases (Enron, Lehman Brothers, Ponzi Scheme) and lessons for investors.</li> <li>12. Use charting tools (Candlestick, Moving Averages, RSI, MACD) to predict price movements.</li> <li>13. Compare stock market performance before and after the COVID-19 pandemic.</li> <li>14. Prepare an assignment covering the philosophy and investing principles of legendary Global and Indian investors such as Warren Buffett, Benjamin Graham, Charlie Munger, Peter Lynch, Rakesh Jhunjhunwala, Radhakishan Damani, Vijay Kedia, Porinju Veliyath, Raamdeo Agrawal etc.</li> </ol>	15	CEC (30 Marks)
<b>Total</b>		<b>60</b>	<b>100</b>



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## Suggested Specification Table with Marks (Theory):

Distribution of Theory Marks					
R Level	U Level	A Level	N Level	E Level	C Level
10%	10%	20%	25%	25%	10%

Where R: Remember; U: Understanding; A: Application, N: Analyze and E: Evaluate C: Create (as per Revised Bloom's Taxonomy)

## Suggested Case Studies

- **Dot-com Bubble (2000):** Analyzing overvaluation and irrational exuberance.
- **The Collapse of Lehman Brothers (2008)**
- **The Case of Enron (2001)**
- **Global Financial Crisis (2008):** Portfolio diversification failures and risk management.
- **Adani Group Stocks Volatility (2023):** Risk management lessons in emerging markets.
- **Warren Buffett's Investment Philosophy:** Long-term value investing and portfolio construction.
- **Investor Biases During COVID-19 Crash (2020):** How psychology influenced portfolio choices.
- Any other real-life case related to the stock market can be discussed.

## References/Suggested Learning Resources:

### (a) Books:

Nos	Author	Name of the Book	Publisher	Year of Publication/Edition
1	Prasanna Chandra	Investment Analysis & Portfolio Management	McGraw Hill	Latest (2017/6 <sup>th</sup> )
2	Donald E. Fisher, Ronald J. Jordan, Ashwini K. Pradhan	Security Analysis & Portfolio Management	Pearson	Latest (2018 / 7 <sup>th</sup> )
3	Robert A. Haugen	Modern Investment Theory	Pearson	Latest (2017 / 5 <sup>th</sup> )
4	P. Pandian	Security Analysis & Portfolio Management	Vikas Publishing	Latest (2013 / 2 <sup>nd</sup> )
5	S. Kevin	Security Analysis & Portfolio Management	PHI learning	Latest (2020/3 <sup>rd</sup> )



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6	Frank K. Reilly, Keith C. Brown	Investment Analysis and Portfolio Management	Cengage	Latest (2011 / 10th)
7	Bruno Solnik, Dennis McLeavey	Global Investments	Pearson	Latest (2014 / 6 <sup>th</sup> )

Note: Wherever the standard books are not available for the topic, appropriate print and online resources, journals and books published by different authors may be prescribed.

## (b) List of Journals /Periodicals /Magazines/Newspapers/Web resources etc.

### Journals

- *The Financial Analysts Journal* (Published by CFA Institute)
- *Journal of Finance* (American Finance Association)
- *Journal of Investment Management (JOIM)*
- *Review of Financial Studies* (Society for Financial Studies)
- *Journal of Banking and Finance*
- *Journal of Financial Economics*

### Magazines & Periodicals:

- *Forbes (Finance & Investing Section)*
- *Moneycontrol (Investment & Markets Section)*
- *Bloomberg Markets*
- *The Wall Street Journal (WSJ – Markets Section)*

### Newspapers:

- *Mint (Markets & Investment Section)*
- *The Hindu Business Line*
- *The Economic Times*
- *Business Standard*

### Web Resources:

- *Moneycontrol* ([www.moneycontrol.com](http://www.moneycontrol.com)) – Market news, stock analysis, mutual funds, and financial insights
- *NSE India* ([www.nseindia.com](http://www.nseindia.com)) – Stock market insights, reports, and indices
- *BSE India* ([www.bseindia.com](http://www.bseindia.com)) – Market data and research reports
- *CFA Institute* ([www.cfainstitute.org](http://www.cfainstitute.org)) – Research on investment management
- *Investopedia* ([www.investopedia.com](http://www.investopedia.com)) – Concept explanations and financial education
- *SEBI* ([www.sebi.gov.in](http://www.sebi.gov.in)) – Regulatory updates on investments and securities
- *TradingView* ([www.tradingview.com](http://www.tradingview.com)) – Technical analysis charts and market insights



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## CO- PO Mapping:

Semester 3	Security Analysis and Portfolio Management				
Course Outcomes	POs				
	PO1	PO2	PO3	PO4	PO5
CO1	2	3	2	2	2
CO2	2	3	2	2	2
CO3	3	3	3	2	3
CO4	2	2	2	3	2

Legend: '3' for high, '2' for medium, '1' for low and '-' for no correlation of each CO with PO

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