

Course Title: Security Analysis & Portfolio Management

Course Code	: 17BA3T5FA	External Marks	: 60
Core / Elective	: Core	Internal Marks	: 40
Credits	: 3	Contact Periods	: 3
Year/Semester	: II year/I semester	Tutorial Periods	: 2

Course Objectives

This course is aimed at enabling the students:

1. To make investment decision and at providing a comprehensive introduction to the areas of security analysis and portfolio management.
2. To enable a comprehensive and continuing illustration of the application of the techniques of the course with the help of analytical tools.
3. To dwells on the investment avenues, and operations of the Indian stock market and the role of various financial institutions in aiding the capital formation.

Course Outcomes

Upon completion of this course, students will be able to:

1. Identify the investment opportunities and the nature of investment decisions.
2. Interpret the investment environment and assess the procedural issues of the security markets.
3. Choose from a framework of risk and return for enabling an understanding of the theoretical tenets of investment analysis.
4. Discuss and explore the relational and exploratory methods and influences considered by technical analysts.
5. Organize the various instruments and their regulatory systems on the portfolio analysis.

Unit 1- Investments: The investment environment- Classification of financial markets and instruments- Securities trading – Types of orders- Margin trading- Clearing and settlement procedures- Regularity systems for equity markets.

Unit 2- Security Analysis & Capital Market Theory: Macroeconomic- Industry and company analysis- Concept of intrinsic value- Efficient market hypothesis. Objectives and beliefs of fundamental analysts- Theory of technical analysis.

Unit 3- Bond & Equity Valuation: Bond pricing theorems, Convexity, Duration, Bond immunization, Active bond management and passive bond management; Equity valuation models: Discounted cash-flow techniques - Balance sheet valuation- Dividend discount models - Intrinsic value and market price- earnings multiplier approach- P/E ratio - Price/ book value - Price/sales ratio, Economic value added (EVA).

Unit 4- Returns and Risk: meaning of returns, methods for returns, Concept of Risk- measuring risk and returns, portfolio returns - Portfolio Risk – types - Measurement and diversification of risk- Mean variance approach.

Unit 5- Portfolio management: meaning, importance and objectives, portfolio returns, Portfolio Selection: Traditional portfolio selection - Markowitz portfolio model – Sharpe’s single index model, Capital asset pricing model (CAPM), Arbitrage pricing theory.

Case Study: Compulsory. Relevant cases have to be discussed in each unit.

Reference books

1. Bhalla. V.K. “Investment Management: Security Analysis and Portfolio Management”, Sultan Chand, New Delhi.
2. Prasanna Chandra, “Investment analysis and portfolio management”, Second Edition, Tata McGraw Hill.
3. Bhat S., “Security Analysis & Portfolio Management”, Excel Books.
4. Fischer, Donald E. and Ronald J. Jordan, “Security Analysis and Portfolio Management”, Prentice Hall of India, New Delhi
5. Kevin S. “Security Analysis and Portfolio Management”, prentice hall of India
6. Punithavathypandian, “Security Analysis and Portfolio Management”, Vikas
7. Sharpe, William, F. G. Alexander, F. Bailey, and W. C. Sharpe, “Investments”, New Delhi, Prentice Hall of India.