

**Master of Business Administration
MBA Semester IV
Financial Management Specialization**

FM-05: Investment Analysis and Portfolio Management

Marks: 100

Duration: 60 Hrs.

CREDITS: 4

Objectives: Investment Analysis and Portfolio Management is a growing field in the area of finance. This module aims at creating a better understanding of the various concepts/principles related to investment analysis and portfolio management.

Course Outcomes: The successful completion of this course shall enable the student to:

CO1: Analyse and evaluate the investment environment, different types of financial investment instruments and financial institutions.

CO2: Evaluate the risk and expected return of various financial instruments and investment portfolios; implement in practice the quantitative methods of investment decision making.

CO3: Analyse and evaluate the fair value of stocks and bonds, explain the main factors affecting the values.

CO4: Comprehend and assess the efficiency of portfolio management; use Excel's software skills during investment analysis and portfolio management calculations and researches.

CO5: Understand and apply the principles of portfolio theory in the process of investment portfolio management and performance.

UNIT	CONTENT	HOURS
I	Introduction to Investment Environment: Introduction of Investment, Investment Process and instruments, Criteria for Investment, Types of Investors, Investment vs. Speculation vs. Gambling, Investment Avenues, Factors Influencing Selection of Investment Alternatives. Investment environment: Investment vehicles, Financial markets: Primary & Secondary market, Understanding the difference between investment and financing decisions, Direct versus indirect investment.	11
II	Quantitative Methods of Investment Analysis : Investment income and risk : Meaning, Return on investment and expected rate of return, Types of Risk–Systematic and Unsystematic Risk Measurement of Beta, Standard Deviation, Variance, Reduction of Risk through Diversification, Practical Problems on Calculation of Standard Deviation, Variance and Beta. Psychological aspects in investment decision making :Overconfidence, Disposition effect, Perceptions of investment risk, Mental accounting and investing.	11
III	Securities Valuation and Analysis: Overview and characteristics of securities, Valuation Models, Understanding of fair valuation, over valuation and Undervaluation, active and passive strategies. Fixed Income Securities: features, bond indentures and covenants, types (Government & Private bonds), Fixed& variable coupon securities Security Analysis Fundamental Analysis, Economic Analysis, Industry Analysis, Company Analysis, Technical Analysis, Market interest rates analysis.	11

IV	Portfolio Management: Meaning and Concept, Portfolio Management Process, Objectives, Basic Principles, Factors Affecting Investment Decisions in Portfolio Management, Portfolio Strategy Mix. An Introduction to Derivative Markets and Securities: Forward and Futures Contracts, Option Contracts, Swap Contracts, Convertible Securities, and Other Embedded Derivatives	11
V	Theories and Portfolio Performance Measurement : Portfolio Theory : Markowitz portfolio theory, The expected rate of return and risk of portfolio Capital Asset Pricing Model, Arbitrage Price Theory, Market Efficiency Theory Portfolio Performance Measurement: Meaning of Portfolio Evaluation, Sharpe's Ratio (Basic Problems), Treynor's Ratio (Basic Problems), Jensen's Differential Returns (Basic Problems).	11
	Group learning exercises involving discussion, role-play and presentation by students. Dealing in Stock market	05
	TOTAL	60

Readings

1. Investment Analysis & Portfolio Management; Prasanna Chandra: McGraw Hill Publications
2. Security Analysis & Portfolio Management; Dr. F.C Sharma: SBPD Publications
3. Investment & Portfolio Management; DivyaBhutani: Rajat Publications

Additional Readings: (Unit Wise)

Unit –I:Investment Analysis and Portfolio Management, Frank Reilly, Keith Brown, South Western College Pub; 10th edition

Investments, ZviBodie, Alex Kane, Alan J. Marcus, McGraw-Hill/Irwin; 10th edition

Unit – II:Risk-Return Relationship and Portfolio Management, Raj S. Dhankar, Publisher: Springer, New Delhi

Unit- III:Fischer, Donald E, and Jordan, Ronald J. Security Analysis and Portfolio Management, 6th Ed., New Delhi, Prentice Hall of India, 1995.

Unit- IV:Managing Investment Portfolios: A Dynamic Process 3rd Edition by John L. Maginn, Donald L. Tuttle, Dennis W. McLeavey, Jerald E. Pinto

Unit – V:Modern Portfolio Theory and Investment Analysis, 9th Edition 9th Edition, by Edwin J. Elton, Martin J. Gruber, Stephen J. Brown, William N. Goetzmann

Pedagogy:

- ICT enabled Classroom teaching
- Case study
- Practical / live assignment
- Interactive classroom discussions
- Flipped classroom

Teaching Plan:

At the beginning of each semester faculty teaching the course will provide (i) Teaching Plan, (ii) updated reading list, and (iii) the list of case studies for uploading on Department website.

Facilitating the achievement of Course Learning Outcomes

Unit No.	Course Learning Outcomes	Teaching and Learning Activity	Assessment Tasks
I	Ability to analyse and evaluate the investment environment, different types of financial investment instruments and financial institutions.	Lecture/Video/ Case/ Presentation	Class participation, Presentation, Viva/ test, Case Study
II	Ability to evaluate the risk and expected return of various financial instruments and investment portfolios; implement in practice the quantitative methods of investment decision making.	Lecture/Video/ Case/ Presentation	Class participation, Presentation, Viva/ test, Case Study
III	Ability to analyse and evaluate the fair value of stocks and bonds, explain the main factors affecting the values.	Lecture/Video/ Case/ Presentation	Class participation, Presentation, Viva/ test, Case Study
IV	Ability to comprehend and assess the efficiency of portfolio management; Use Excel's software skills during investment analysis and portfolio management calculations and researches.	Lecture/ Case/ Industry Expert interaction /Presentation	Class participation, Presentation, Viva/ test, Case Study
V	Ability to understand and apply the principles of portfolio theory in the process of investment portfolio management and performance.	Lecture/ Industry Expert interaction/ Presentation	Class participation, Presentation, Viva/ test, Case Study