

<b>SEMESTER: V</b>	
<b>COURSE NAME: INVESTMENT ANALYSIS &amp; PORTFOLIO MANAGEMENT</b>	
<b>COURSE TYPE: MINOR ELECTIVE</b>	<b>COURSE CODE: B3BMS2354F</b>
<b>CREDIT: 4</b>	<b>Marks: 100</b>

### LEARNING OBJECTIVES:

- To acquire knowledge about the investment avenues, their features and their desirability based on the types and needs of the investors.
- Understanding about Fundamental and Technical analysis.
- Understanding Efficient Market Hypothesis
- Knowledge about importance of investing in a portfolio and its management

### LEARNING OUTCOMES:

On successful completion of the course the learner will be able to:

- Identify a financial security as an asset or speculation.
- Aware of the various perspectives which can be utilized to analyse a stock.
- Able to understand the nuances of building and optimizing a portfolio.

### DETAILED SYLLABUS:

#### Unit 1: Conceptual Framework (4L)

- Defining Investment, Describing Investments–Objectives, Characteristics, Process, Difference from speculation
- Returns & Risk: Concept and types
- Measures of Returns (absolute return, holding period return, annualized return, arithmetic & geometric mean, expected return)
- Measure of Risk: (Variance, Standard Deviation, Coefficient of variance)

#### Unit 2: Approaches to Equity Analysis (12L)

##### Fundamental Analysis: (6L)

- EIC framework;
- Economic analysis: Leading lagging & coincident macro-economic indicators, Expected direction of movement of stock prices with macroeconomic variables in the Indian context
- Industry analysis: stages of life cycle, Business Cycle, Porter's five forces model, SWOT analysis, financial analysis of an industry;
- Company analysis- Concept, Financial Statement Analysis

##### Technical Analysis (4L)

- Meaning, assumptions, difference between technical and fundamental analysis
- Price & Volume indicators: Tools Dow's Theory, Elliot wave Theory, advances and declines, new highs and lows- circuit filters
- Trends: resistance, support, consolidation, momentum- Charts: line chart, bar chart, candle chart, point & figure chart. Patterns: head & shoulders, triangle, rectangle, flag, cup & saucer, double topped, double bottomed,
- Technical Indicators: Simple Moving Averages, Moving Average, Convergence & Divergence, Concept of Relative Strength Index (RSI), Rate of Change (ROC)

##### Efficient Market Hypothesis: Concept, Random walk, three forms of EMH and implications (2L)

### **Unit 3: Valuation of Equity and Bond (14L)**

#### **Equity Valuation: (6L)**

- Dividend discount models: no growth, constant growth, two stage growth model, multiple stages
- Relative valuation models using P/E ratio, PEG Ratio, Book value to market value

#### **Bond Valuation and Management (8L)**

- Concept, type, yield, Valuation, Duration, Volatility (Effective Duration, Modified duration)
- Yield curve and theories regarding shape of yield curve, bond theorem
- Risk associated with bond, immunization of a bond portfolio

### **Unit 4: Portfolio Management (10L)**

- Concept of portfolio and portfolio management, types of portfolio management– active vs passive
- Asset allocation decision: Asset allocation pyramid, investor life cycle approach
- Markowitz portfolio theory: risk and return for 2 and 3 asset portfolios, concept of efficient frontier & optimum portfolio, Investor risk and return preferences, Indifference curves and the efficient frontier
- Capital Asset Pricing Model: Efficient frontier with a combination of risky and risk-free assets. Assumptions of single period classical CAPM model, Sharpe Index model, Characteristic line, Capital Market Line, Security market Line. Expected return, required return, overvalued and undervalued assets, Understanding Sharpe Ratio and Alpha, Beta.

### **Unit 5: Mutual Funds (10L)**

- Introduction, classification, advantages and disadvantages of investing through mutual funds.
- Calculation of Net Asset Value (NAV)
- Calculation of Return (Holding period return, Annualized return) in different cases
- Performance Evaluation using Sharpe's Treynor's and Jensen's measures.

#### **SUGGESTED TEXT BOOKS/ READING MATERIALS:**

- 📖 Chandra, P. Investment Analysis and Portfolio Management. McGraw Hill.
- 📖 Elton, J. E., Gruber, M. J., & Brown, S. J. Modern Portfolio Theory and Investment Analysis. Wiley.
- 📖 Fischer, D. E., & Jordan, R. J. Security Analysis & Portfolio Management. Pearson Education.
- 📖 Kevin, S. Security Analysis and Portfolio Management. PHI Learning.
- 📖 Reilly, F. K., & Brown, K. C. Analysis of Investments and Management of Portfolios. Cengage Learning.

*The latest editions of the textbooks listed above may be referred.*