

JYOTI NIVAS COLLEGE AUTONOMOUS
Programme: BBA/B.VOC(B&F)
Semester: VI
FINANCE-ELECTIVE
Security Analysis and Investment Management

No. of Credits: 4

No. of Hours: 60

Course Objectives:

- Evaluate the different types of investment alternatives.
- Evaluate portfolio and portfolio management.
- Understand fundamental and technical analysis.

Learning Outcomes:

- Understand the concept of basics of Investment.
- Evaluate the different types of investment alternatives.
- Evaluate portfolio and portfolio management.
- Understand the concept of risk and returns.
- Understand fundamental and technical analysis and EMH

Unit-1: Introduction to Investments

12 Hours

Introduction- Investment process, Criteria for Investment, types of Investors, Investment, Speculation and Gambling. Elements of Investment, Investment Avenues, Factors influencing selection of investment alternatives. Security Market- Introduction, functions, Secondary Market Operations. Stock Exchanges in India, Security Exchange Board of India, Government Securities Market, Corporate Debt Market and Money Market Instruments.

Unit-2: Risk-Return Relationship

10 Hours

Meaning of risk, types of risk, measuring risk, risk preference of investors. Meaning of return, measures of return, holding period of return, Annualized return, expected return, investors' attitude towards risk and return.

Unit-3: Portfolio Management

14 Hours

Meaning of portfolio – Reasons to hold portfolio – Diversification analysis – Framework of Portfolio Analysis – Selection and Evaluation – Markowitz's Model – Assumptions – Specific model – Risk and return optimization. Efficient frontier – Efficient portfolios – Leveraged portfolios – Corner portfolios (Theory only) Sharpe's Single Index model – Portfolio- evaluation measures – Sharpe's Performance Index – Treynor's Performance Index – Jensen's Performance Index.

Unit-4: Asset Pricing Models

10 Hours

Capital Asset Pricing Model (CAPM): Introduction, Assumptions, Capital Market Line (CML), Security Market Line (SML), Distinction between CML and SML, Limitations of CAPM, Problems.

Arbitrage Pricing Theory (APT): Introduction, Arbitrage Portfolio, Model, Distinction

between CAPM and APT. Applications of APT.

Unit-5: Fundamental Analysis, Technical Analysis and Efficient Market Hypotheses **14 Hours**

Introduction- Investment Analysis Fundamental Analysis, Macro Economic Analysis, Industry Analysis, Company Analysis, Meaning of Technical Analysis, Fundamental vs Technical Analysis, Charting techniques, Technical Indicators. Efficient Market Hypothesis – Meaning, Importance, Forms of EMH- Strong, Semi-strong and weak form of EMH.

Skill Development Activities:

- List the key differences between the Government Securities Market and the Corporate Debt Market.
- Differentiate between systematic and unsystematic risk and give examples for each risk.
- Draw a structure of fundamental analysis.
- Draw three basic types of chart patterns used in Technical Analysis.

Books for References:

- Brahmiah & P. Subba Rao, Financial Futures and Options, HPH.
- Singh Preeti, Investment Management, HPHG
- Alexander Fundamental of Investments, Pearson Ed.
- Hangen: Modern Investment theory. Pearson Ed.
- Kahn: Technical Analysis – Plain and simple Pearson Ed.
- Ranganthan: Investment Analysis and Port folio Management.
- Chandra Prasanna: Managing Investment – Tata Mc Gram Hill.
- Alexander, shampe and Bailey – Fundamentals of Investments Prentice Hall of India
- Newyork Institute of Finance – How the Bond Market work – PHI.
- Mayo Investment Thomason hearing

Note: Latest edition of text books maybe used