



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad -500 043

MASTER OF BUSINESS ADMINISTRATION

COURSE DESCRIPTOR

Course Title	SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT			
Course Code	CMBB34			
Programme	MBA			
Semester	III			
Course Type	PROFESSIONAL ELECTIVE – I			
Regulation	IARE-R18			
Course Structure	Lectures	Tutorials	Practical Work	Credits
	4	-	-	4
Chief Coordinator	Ms. B.Tulasi Bai, Assistant Professor, MBA			
Course Faculty	Ms. B.Tulasi Bai, Assistant Professor, MBA			

I. COURSE OVERVIEW:

Security Analysis and Portfolio Management concerns itself with investment in financial assets with specific attention to the returns and risk associated with investing in securities. The subject is aimed at providing insight to the various analytical techniques used in evaluation of the various investment opportunities. The course also provides of extension of these concepts to the portfolio of securities and the concept of diversification, management of a portfolio.

II. COURSE PRE-REQUISITES:

Level	Course Code	Semester	Prerequisites	Credits
PG	CMBB17	II	Financial Management	4

III. MARKS DISTRIBUTION:

Subject	SEE Examination	CIA Examination	Total Marks
Security Analysis and Portfolio Management	70 Marks	30 Marks	100

IV. DELIVERY / INSTRUCTIONAL METHODOLOGIES:

✗	Chalk & Talk	✗	Quiz	✓	Assignments	✓	MOOCs
✓	LCD / PPT	✓	Seminars	✗	Mini Project	✓	Videos
✗	Open Ended Experiments						

V. EVALUATION METHODOLOGY:

The course will be evaluated for a total of 100 marks, with 30 marks for Continuous Internal Assessment (CIA) and 70 marks for Semester End Examination (SEE). Out of 30 marks allotted for CIA during the semester, marks are awarded by taking average of two CIA examinations or the marks scored in the make-up examination.

Semester End Examination (SEE): The SEE is conducted for 70 marks of 3 hours duration. The syllabus for the theory courses is divided into five units and each unit carries equal weight age in terms of marks distribution. The question paper pattern is as follows two full questions with “either” or “choice” will be drawn from each unit. Each question carries 14 marks. There could be a maximum of two sub divisions in a question.

The emphasis on the questions is broadly based on the following criteria:

50 %	To test the objectiveness of the concept.
50 %	To test the analytical skill of the concept OR to test the application skill of the concept.

Continuous Internal Assessment (CIA):

CIA is conducted for a total of 30 marks (Table 1), with 25 marks for Continuous Internal Examination (CIE), 05 marks for Alternative Assessment Tool (AAT).

Table 1: Assessment pattern for CIA

Component	Theory		Total Marks
	CIE Exam	AAT	
CIA Marks	25	05	30

Continuous Internal Examination (CIE):

Two CIE exams shall be conducted at the end of the 8th and 16th week of the semester respectively. The CIE exam is conducted for 25 marks of 2 hours duration consisting of two parts. Part–A shall have five compulsory questions of one mark each. In part–B, four out of five questions have to be answered where, each question carries 5 marks. Marks are awarded by taking average of marks scored in two CIE exams.

Alternative Assessment Tool (AAT)

Marks shall be awarded considering the average of two seminars (or) assignments for every course. The AAT may include seminars and assignments.

VI. HOW PROGRAM OUTCOMES ARE ASSESSED:

Program Outcomes (POs)		Strength	Proficiency assessed by
PO1	Managerial Skills: Apply knowledge of management theories and practices to solve business problems.	1	Guest Lectures
PO2	Decision making Skills: Foster analytical and critical thinking abilities for data-based decision making.	3	Seminars
PO6	Entrepreneurial Skills: Ability to demonstrate the skills and evaluate issues related to entrepreneurship and to develop as entrepreneurs.	2	Guest Lectures
PO7	Strategic analysis: Ability to conduct strategic analysis using theoretical and practical applications.	3	Seminars
PO8	Technology Skills: Inculcate and develop technical skills to face the competitive world successfully.	1	Assignment

3 = High; 2 = Medium; 1 = Low

VII. COURSE OBJECTIVES :

The course should enable the students to:	
I.	Enrich the knowledge of investment alternatives, process and portfolio management.
II.	Develop an understanding of the changing domestic and global investment scenario in general and Indian capital market in particular with reference to availability of various financial products and operations of stock exchanges.
III.	Provide an in-depth knowledge of the theory and practice of portfolio management. Important theories, techniques, regulations and certain advancements in theory of investment.
IV.	Familiarize the participants with the stock markets of India, its terminology, types of securities, the determinants of the price behavior of securities, evaluation of fair price, and to provide a conceptual insight to the valuation of securities.

VIII. COURSE OUTCOMES (COs):

CO Code	CO's	At the end of the course, the student will have the ability to:	PO's Mapped	Strength of Mapping
CMBB34.01	CO1	Understand the investment environment in India, overview of Indian financial system securities.	PO1	1
CMBB34.02	CO2	Explain the investment management process and security analysis.	PO1	1
CMBB34.03	CO3	Recognize the significance of risk and return relationship from investing Markowitz portfolio theory.	PO2	3
CMBB34.04	CO4	Know the risk and returns from investing Markowitz portfolio theory and portfolio selection.	PO2	3
CMBB34.05	CO5	Analyze different types of bonds, interest rates, term structure of interest rates and measuring bond yields.	PO7	3
CMBB34.06	CO6	Demonstrate bond pricing theorems, bond duration, and active and passive bond management strategies.	PO6	2

CMBB34.07	CO7	Examine the concepts of equity analysis, equity valuation, and balance sheet analysis.	PO6	2
CMBB34.08	CO8	Identify the overview of derivative markets, option markets, strategies, forward and future marketing strategies and design swaps.	PO7	3
CMBB34.09	CO9	Recognize different types of mutual fund schemes, structure, net asset value, risk and return	PO7	3
CMBB34.10	CO10	Improve performance evaluation models like sharpe model, trey nor model, Jensen model, fame's decomposition.	PO8	1

3 = High; 2 = Medium; 1 = Low

IX. MAPPING COURSE OUTCOMES LEADING TO THE ACHIEVEMENT OF PROGRAM OUTCOMES:

COs	Program Outcomes (POs)							
	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8
CO 1	1							
CO 2	1							
CO 3		3						
CO 4		3						
CO 5							3	
CO 6						2		
CO 7						2		
CO 8							3	
CO 9							3	
CO 10								1

3 = High; 2 = Medium; 1 = Low

X. ASSESSMENT METHODOLOGIES – DIRECT

CIE Exams	PO1,PO2, PO6, PO7, PO8.	SEE Exams	PO1,PO2, PO6, PO7, PO8	Assignments	PO8	Seminars	PO2, PO7.
Laboratory Practices	-	Guest Lecture	PO1, PO6.	Mini Project	-	Certification	-
Term Paper							

XI. ASSESSMENT METHODOLOGIES - INDIRECT

√	ASSESSMENT OF COURSE OUTCOMES (BY FEEDBACK, ONCE)	√	STUDENT FEEDBACK ON FACULTY (TWICE)
X	ASSESSMENT OF MINI PROJECTS BY EXPERTS		

XII. SYLLABUS

UNIT- I	INVESTMENT AND SECURITY ANALYSIS
Investment environment in India, overview of Indian financial system securities trading in stock markets, investment alternatives, the investment management process, Security analysis: fundamental analysis, technical analysis, efficient market hypothesis.	
UNIT-II	PORTFOLIO ANALYSIS
The returns and risks from investing Markowitz portfolio theory, mean variance approach, portfolio selection-efficient portfolios, the single index model capital asset pricing model, arbitrage pricing theory.	
UNIT-III	BOND ANALYSIS AND VALUATION AND MANAGEMENT
Types of bonds, interest rates, term structure of interest rates, measuring bond yields, yield to maturity, yield to call, yield to maturity, holding period return, bond pricing theorems, Bond duration, active and passive bond management strategies, bond immunization, bond volatility, bond convexity	
UNIT- IV	EQUITY VALUATION AND DERIVATIVES
Equity analysis & valuation, balance sheet analysis equity valuation models, intrinsic value & market price, the p/e ratio & earnings multiplier approach, price/book value, price/ sales ratio, economic value added , overview of derivatives markets, option markets, option strategies and option valuation forward & future markets, strategies. A stock index future, interest rate futures, swaps contracts.	
UNIT - V	MUTUAL FUNDS
Types of mutual funds schemes, structure, net asset value, risk and return, performance evaluation models Sharpe model, trey nor model, Jensen model, fame's decomposition. Trends in Indian mutual funds.	
Text Books:	
<ol style="list-style-type: none"> 1. William. Sharpe, Gordon j Alexander and Jeffery V Bailey, "Fundamentals of Investments", Prentice Hall, 2012. 2. Reilly, Brown, "Analysis of Investment and Management of Portfolios", Cengage, 10th Edition, 2012. 	
References:	
<ol style="list-style-type: none"> 1. Donald E Fischer, Ronald J Jordan, " Security Analysis and Portfolio Management", 6th Edition, 2012 2. M. Ranganatham, R. Madhumathi, "Security Analysis and Portfolio Management", 2nd Edition, 2011 3. Punithavathi Pandian "Security Analysis and Portfolio Management" 2nd Edition TMH 2012 	
E-Text Books:	
<ol style="list-style-type: none"> 1. http://www.freebookcentre.net/Business/Mutual Funds-Books.html 2. https://bookboon.com/en/ Mutual Funds-eBooks 	

XIII. COURSE PLAN:

The course plan is meant as a guideline. Probably there may be changes.

Lecture No	Topics to be covered	Course Outcomes (COs)	Reference
1-2	Investment environment in India,	CO 1	T1- 1.4-1.8
3	Overview of Indian financial system, Investment alternatives	CO 1	T1-2.6-2.11
4-6	Securities trading in stock markets	CO 1	T1-3.2-3.20
7-8	The investment management process, Security analysis	CO 1	T1-4.6-4.19
9-10	Fundamental analysis, technical analysis, Efficient market hypothesis	CO 2	T1- 5.35.18

Lecture No	Topics to be covered	Course Outcomes (COs)	Reference
11-12	The returns and risks from investing, portfolio selection-efficient portfolios	CO 3	T1- 5.3-5.18
13-15	Markowitz portfolio theory, mean variance approach	CO 3	T1- 5.29-6.8
16-18	The single index model, capital asset pricing model, arbitrage pricing theory	CO 4	T1-7.137.14
19-20	Types of bonds, interest rates of bonds, term structure of interest rates	CO 4	T1- 7.8-7.12
21-23	Measuring bond yields- yield to maturity, yield to call, holding period return	CO 5	T1- 8.4-8.16
24-26	Bond pricing theorems, bond duration, active and passive bond management strategies	CO 6	T1- 8.218.25
27-29	Bond immunization, bond volatility, bond convexity	CO 6	T1-9.4-9.15
30-32	Equity analysis & valuation- balance sheet analysis, equity valuation models, intrinsic value & market price	CO 7	T1-9.110.23
33-35	the p/e ratio & earnings multiplier approach, price/book value, price/ sales ratio, economic value added	CO 8	T1-9.210.23
36-37	Overview of derivatives markets- option markets, option strategies and option valuation, forward market strategies	CO 8	T1-11.511.5
38-39	Types of mutual funds schemes, Structure of mutual funds, net asset value, risk and return	CO 9	T112.512.26
40-41	Performance evaluation model of Sharpe, Treynor, Jensen model, fama's decomposition,	CO 10	T113.613.15
42-43	Trends in Indian mutual funds	CO 10	T113.413.15

XIII. GAPS IN THE SYLLABUS - TO MEET INDUSTRY / PROFESSION REQUIREMENTS:

S. No	Description	Proposed actions	Relevance with POs
1	Optimum planning of investments in a portfolio	Seminars / NPTEL	PO 1, PO 2, PO 5
2	Evaluation of a security and mutual funds for pricing	Seminars / Guest Lectures / NPTEL	PO 2, PO 5, PO 9

Prepared by:

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