



# INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad -500 043

## MASTER OF BUSINESS ADMINISTRATION

### COURSE DESCRIPTOR

Course Title	<b>SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT</b>			
Course Code	<b>CMB404</b>			
Programme	<b>MBA</b>			
Semester	<b>III</b>			
Course Type	<b>PROFESSIONAL ELECTIVE-I</b>			
Regulation	<b>IARE - R16</b>			
Course Structure	<b>Lectures</b>	<b>Tutorials</b>	<b>Practical Work</b>	<b>Credits</b>
	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
Chief Coordinator	<b>Ms. S.Sireesha, Assistant Professor, MBA</b>			
Course Faculty	<b>Ms. S.Sireesha, Assistant Professor, MBA</b>			

#### 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
PG	CMB008	I	Financial Management

#### 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 weightage 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 8<sup>th</sup> and 16<sup>th</sup> 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 AAT for every course. The AAT may include seminars, assignments, term paper, open ended experiments, five minutes video and MOOCs.

## VI. HOW PROGRAM OUTCOMES ARE ASSESSED:

Program Outcomes (POs)		Strength	Proficiency assessed by
PO1	<b>Managerial Skills:</b> Apply knowledge of management theories and practices to solve business problems.	1	Guest Lectures
PO2	<b>Decision making Skills:</b> Foster analytical and critical thinking abilities for data-based decision making.	3	Seminars
PO4	<b>Communication Skills:</b> Ability to understand, analyze and communicate global, economic, legal and ethical aspects of business	1	Assignments
PO6	<b>Entrepreneurial Skills:</b> Ability to demonstrate the skills and evaluate issues related to entrepreneurship and to develop as entrepreneurs.	2	Guest Lectures
PO7	<b>Strategic analysis:</b> Ability to conduct strategic analysis using theoretical and practical applications.	3	Seminars

Program Outcomes (POs)		Strength	Proficiency assessed by
<b>PO8</b>	<b>Technology Skills:</b> 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
CMB404.01	CO1	Understand the investment environment in India, overview of Indian financial system securities trading in stock	PO1	1
CMB404.02	CO2	Explain the investment management process and security analysis like fundamental analysis, technical analysis and efficient market hypothesis.	PO1	1
CMB404.03	CO3	Recognize the significance of risk and return relationship from investing Markowitz portfolio theory and mean	PO2	3
CMB404.04	CO4	Know the risk and returns from investing Markowitz portfolio theory and portfolio selection.	PO2	3
CMB404.05	CO5	Express the single index model, capital asset pricing model and arbitrage pricing theory.	PO4	1
CMB404.06	CO6	Analyze different types of bonds, interest rates, term structure of interest rates and measuring bond yields.	PO4	1
CMB404.07	CO7	Demonstrate bond pricing theorems, bond duration, active and passive bond management strategies, bond volatility	PO6	2
CMB404.08	CO8	Examine the concepts of equity analysis, equity valuation, balance sheet analysis, Intrinsic value and market price.	PO6	2
CMB404.09	CO9	Identify the overview of derivative markets, option markets, strategies, forward and future marketing strategies	PO7	3
CMB404.10	CO10	Recognize different types of mutual fund schemes,	PO7	3
CMB404.11	CO11	Improve performance evaluation models like sharpe model, trey nor model, Jensen model, fame's decomposition and	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				1				
CO 6				1				
CO 7						2		
CO 8						2		
CO 9							3	
CO 10							3	
CO 11								1

**3 = High; 2 = Medium; 1 = Low**

**X. ASSESSMENT METHODOLOGIES – DIRECT**

CIE Exams	PO1,PO2, PO4, PO6, PO7, PO8.	SEE Exams	PO1, PO2, PO4, PO6, PO7, PO8	Assignments	PO4,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**

<b>UNIT– I</b>	<b>INVESTMENT AND SECURITY ANALYSIS</b>
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.	
<b>UNIT–II</b>	<b>PORTFOLIO ANALYSIS</b>
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.	
<b>UNIT-III</b>	<b>BOND ANALYSIS AND VALUATION AND MANAGEMENT</b>
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.	

<b>UNIT- IV</b>	<b>EQUITY VALUATION AND DERIVATIVES</b>
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.	
<b>UNIT - V</b>	<b>MUTUAL FUNDS</b>
Types of mutual funds schemes, structure, net asset value, risk and return, performance evaluation models Sharpe model, trey nor model, Jensen model, fama's decomposition. Trends in Indian mutual funds.	
<b>Text books</b>	
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, 10 <sup>th</sup> Edition, 2012. 3. Prasanna Chandra, "Investment analysis and Portfolio Management", TMH, 4 <sup>th</sup> Edition, 2012.	
<b>References</b>	
1. Donald E Fischer, Ronald J Jordan, " Security Analysis and Portfolio Management", 6 <sup>th</sup> Edition, 2012 2. M. Ranganatham, R. Madhumathi, "Security Analysis and Portfolio Management", 2 <sup>nd</sup> Edition, 2011	

### XIII. COURSE PLAN:

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

Lecture No.	Topics to be covered	Reference
1-2	Investment environment in India, Overview of Indian financial system	T1
3-4	Overview of Indian financial system, Investment alternatives	T1
5-6	Securities trading in stock markets	T1
7-8	The investment management process, Security analysis	T1
9-12	Fundamental analysis, technical analysis, Efficient market hypothesis	T1
13-15	The returns and risks from investing, portfolio selection-efficient portfolios	T1
16-18	Markowitz portfolio theory, mean variance approach	T1
19-21	The single index model, capital asset pricing model, arbitrage pricing theory	T1,R2
22-24	Types of bonds, interest rates of bonds, term structure of interest rates	T1
25-28	Measuring bond yields- yield to maturity, yield to call, holding period return	T1
29-31	Bond pricing theorems, bond duration, active and passive bond management strategies	T1
32-34	Bond immunization, bond volatility, bond convexity	T1
35-37	Equity analysis & valuation- balance sheet analysis, equity valuation models, intrinsic value & market price	T1,R2
38-40	The p/e ratio & earnings multiplier approach, price/book value, price/ sales ratio, economic value added	T1
41-45	Overview of derivatives markets- option markets, option strategies and option valuation, forward market strategies, future market strategies, A stock index future, interest rate futures	T1,R2
46-49	Types of mutual funds schemes, Structure of mutual funds, net asset value, risk and return	T2, R1
50-54	Performance evaluation model of Sharpe, Treynor, Jensen model, fama's decomposition, Trends in Indian mutual funds.	T2

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

<b>S. NO</b>	<b>DESCRIPTION</b>	<b>PROPOSED ACTIONS</b>	<b>RELEVANCE WITH POs</b>
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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**HOD, MBA**