



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal - 500 043, Hyderabad, Telangana

COURSE CONTENT

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT								
III Semester: MBA								
Course Code	Category	Hours / Week			Credits	Maximum Marks		
CMBE33	Elective	L	T	P	C	CIA	SEE	Total
		4	-	-	4	40	60	100
Contact Classes: 45	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes: 45			
Prerequisite: Financial Management								
SDGs Mapped: SDG 8 (Decent Work & Economic Growth), SDG 9 (Industry, Innovation and Infrastructure)								

I. COURSE OVERVIEW:

This course aims to provide an insight into the evaluation and analysis of a wide range of financial securities and thereby developing techniques for designing an optimal portfolio. The main emphasis of the course is to impart an understanding of the methods and techniques of Risk Quantification, Security Valuation, Fundamental Analysis, and Technical Analysis required for security selection for designing an optimal portfolio.

II. COURSES OBJECTIVES:

The students will try to learn:

- I. The participants with the stock markets of India to provide a conceptual insight to the valuation of securities.
- II. The knowledge of investment alternatives, process and portfolio management in an organization
- III. The changing domestic and global investment scenario in general and Indian capital market and operations of stock exchanges.
- IV. Provide an in-depth knowledge of the theory and practice of portfolio management.

III. COURSE OUTCOMES:

At the end of the course students should be able to:

- CO1 Describe the investment environment and management process to take various investment decisions.
- CO2 Evaluate the significance of risk and return relationship from Markowitz portfolio theory and mean variance approach.
- CO3 Analyze different types of bonds, interest rates and measuring bond yields in the real world.
- CO4 Apply bond pricing theorems and bond immunization for formulating active and passive bond management strategies.
- CO5 Summarize the overview of derivative market strategies to find out the strength of the firm in investment decisions
- CO6 Assess the trends in Indian mutual funds and measure their performances through various evaluation models.

IV. COURSE CONTENT:

MODULE – I: INVESTMENT AND SECURITY ANALYSIS (09)

Introduction, Indian Financial System and Structure, Investment, Speculation and Gambling, Features of Investment, Investment Avenues, Investment Process. The Investment Environment, Securities Market of India, Securities Trading and Settlement, Types of Orders, Margin Trading, Roles and Responsibilities of SEBI.

MODULE – II: PORTFOLIO ANALYSIS (08)

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.

MODULE – III: BOND ANALYSIS AND VALUATION AND MANAGEMENT (10)

Classification of Fixed Income Securities, 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.

MODULE – IV: EQUITY VALUATION (08)

a) Intrinsic Value versus Market Value, Equity Valuation Models, Discounted Cash Flow Techniques, Dividend Discount Models (DDM), Growth Rate cases for DDM, Free Cash Flow Valuation Approaches, Relative Valuation Techniques, Earnings Multiplier Approach, Price/ Earnings, Price/ Book Value, Price/ Sales Ratio, EVA.

b) Fundamental Analysis, Technical Analysis, Efficient Market Hypothesis.

MODULE – V: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT (10)

Types of mutual funds schemes, structure, net asset value, risk and return, performance evaluation models Sharpe model, treynor model, Jensen model, fama's decomposition. Trends in Indian mutual funds.

V. TEXT BOOKS:

1. Donald E. Fischer, Ronald. J Jordan & A K Pradhan, "Security Analysis and Portfolio Management", 7th edition, Pearson Education, 2018
2. Prasanna Chandra, "Investment Analysis and Portfolio Management", 5th edition, McGraw Hill India, 2017.
3. Charles P. Jones, "Investments Principles and Concepts", 12th edition, Wiley India edition. 2016.
4. Shalini Talwar, "Security Analysis and Portfolio Management", Cengage Learning, 2016.
5. V.K. Bhalla, "Investment Management", 17th edition, S. Chand Publications, 2016.

VI. REFERENCE BOOKS:

1. ZVI Bodie, Alex Kane, Alan J Marcus, "Investments", TMH, 3rd Edition, 2012.
2. Donald E Fischer, Ronald J Jordan, "Security Analysis and Portfolio Management", 6th Edition, 2012.
3. Prasanna Chandra, "Investment analysis and Portfolio Management" 4th Edition, TMH, 2012.
4. Punithavathi Pandian, "Security Analysis and Portfolio Management", Vikas Publishing House, 2nd Edition, 2012.
5. M. Ranganatham, R. Madhumathi, "Security Analysis and Portfolio Management", 2nd Edition, 2012.

VII. WEB REFERENCES:

1. http://164.100.133.129:81/econtent/Uploads/Security_Analysis_&_Portfolio_Management.pdf
2. <http://www.ucipfg.com/Repositorio/MATI/MATI-08/BLOQUE-ACADEMICO/Unidad-4/lecturas/4.pdf>

VIII. E-TEXT BOOKS:

1. <http://www.ddegjust.ac.in/studymaterial/mba/fm-304.pdf>
2. <https://www.amazon.in/Security-Analysis-Portfolio-Management-Kevinebook/dp/B00K7YGOZ4>