MBAS 505: INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT

Workload   : 4 hours per week. - Total credits: 4

Examination   : 3 hours 70 marks

Objectives
1. Understand the functioning and objectives of capital markets
2. Identify the risk return characteristics of various financial instruments
3. Write down the fundamental analysis and technical analysis
4. Describe the methods of portfolio construction and selection.
5. To study the evaluation of portfolio.
6. To study the risks associated with investments avenues.
7. To study derivatives as a hedging mechanism.

Course Outcome:
1. Acquire the knowledge of capital market and its functions and products.
2. Able to distinguish the investment products based on its risk and return.
3. Able to select and construct best portfolio.
4. Able to provide investment advice to the clients.
5. Able to identify and manage the risks associated with the investments avenues.
6. Able to use derivatives in managing risks.
7. Able to Analyze the capital market.

Pedagogy   : Lectures, assignments, practical exercises, discussions, seminars.

Module 1, Overview of Investment and Financial Markets: Meaning, Attributes, Investment vs Speculation, Features of good investment, Investment process, Investment evaluation criteria, classification of investment avenues and their risk return profile.Financial markets- Functions, Classifications of markets, leading stock market Indexes of India and the world, Types of Indexes- Price weighted index, Value weighted index, Equal weighted index and their construction.

Module 2, Risk and Return: Return, Risk-Sources of Risk, types of risk, measuring of risk: Historical return and risk, expected return and risk, computation of: Beta, Correlation, covariance, systematic risk and unsystematic risk.

Module 3, Fundamental Analysis and Technical Analysis: Economy- industry and company analysis. Technical Analysis, Charting Techniques, Technical Indicators, Testing Technical Trading rules, evaluation of technical analysis, fundamental vs technical analysis.

Module 4, Modern portfolio theory: Portfolio analysis and selection- benefits of diversification- Markowitz model, Sharpe's Single index model, capital market theory- assumptions: lending vs leveraged portfolios. Risk and investor preferences, selecting the best portfolio- Sharpe's portfolio optimization, significance of Beta in portfolio.

Module 5, Portfolio management strategy: Active and passive portfolio management strategies, portfolio revision strategy- objectives and performance plan.

Module 6, Capital Asset pricing model and Arbitrage pricing theory: Assumptions of CAPM, Empirical evidence, limitations, Security Market Line Equation, Security Market Line vs Capital Market Line. Arbitrage pricing theory and multifactor models.

Module 7, Managed portfolios and portfolio performance valuation : Measures of performance evaluation- Sharpe's, Treynor's, Jenson's Alpha, Fama's measure, M2and information ratio.

Module 8, Derivatives: Meaning, Types- Forwards, Futures, Options, Swaps. Option Terminology, Equity Options in India, Options and their pay off, Option Strategies, Factors Determining option Valuation- Binomial Model, Black-Scholes model, Futures Contract-Long and short position, mark to market, equity and commodity Futures in India, Pricing Futures Contract, Use of Futures Contract.

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2. Jones Charles P(2014): *Investments*- Principles and Concepts, 12th edition, Wiley India Private Limited.
3. Reilly Frank K and Brown Keith C(2012): *Analysis of Investment and management of portfolios,* 19TH edition, CENGAGE Learning.
4. BodieZvi, Kane Alex, Marcus A.J, MohantyP(2018): *Investments,* 10TH Edition, Tata Mc Graw Hill Education, Private India Limited.
5. Fischer Donald E And Jordan Ronald J(2019): *Security Analysis and Portfolio Management,* Pearson Publication.
6. Srivastava Rajiv (2018): *Investment Management,* Wiley India Private Limited.
7. Khatri Dhanesh (2014): *Security Analysis and Portfolio Management,* Trinity Press.
8. Ranganatham. M. and Madhumati.R. (2012): *Security Analysis and Portfolio Management,* Pearson Publication Education.
9. Haugen. Robert.A (2018): *Modern Investment Theory,* Pearson India Education services Pvt. Limited.

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