

# GUJARAT TECHNOLOGICAL UNIVERSITY

## MASTER OF BUSINESS ADMINISTRATION (Global Program)

Year – II (Semester – III) (W.E.F. January 2014)

**Specialization: Finance Management**

**Subject Name: Security Analysis & Portfolio Management (SAPM)**

**Subject Code: 2830203**

### **1. Course Objectives:**

- a. To equip the students with the theoretical and practical knowledge of capital market.
- b. To develop the skills for the portfolio constructions, revision, evaluation and investment advisory.

### **2. Course Duration:**

The total hours for teaching this course will be 45 hours, which will be divided into 36 sessions of 75 minutes duration each.

### **3. Course Contents:**

<b>Module No:</b>	<b>Module Content</b>	<b>No. of Sessions</b>	<b>70 Marks (External Evaluation )</b>
I	<u>Introduction to the landscape of investment.</u> Define investment. Investment alternative. The process of investment trading- margin trading etc, types of orders. Risk and return in investment. Real return-nominal return. Historical and expected return. Risk-valuation of risk. Sources of risk. Company stock market interest, inflation, credit risk. Portfolio risk. Power of diversification.	7	17
II	<u>Security analysis and valuation</u> The fundamental analysis. EIC framework economic analysis- variables tracked industry analysis- variables tracked- company analysis- variables analysed. Sources of information and trouble shots of financial statements. Behaviour finance and efficient market theory and technical analysis. Tools and uses.	7	17
III	<u>Theories of capital market</u> CAPM, Sharpe Model, Arbitrage theory and multifactor	7	18

	model, Portfolio Analysis, Listing down data inputs, selection and construction of optimal portfolios.		
IV	<u>Fixed Income Securities &amp; Portfolio Management</u> Investment in bonds, types of bonds, Investment process in bonds. Portfolio Revision, Portfolio Management, Portfolio Evaluation – Sharpe, Jensen, Treynor & Fama Net Selectivity.	7	18
V	<u>Practical Assignments</u> <ul style="list-style-type: none"> <li>• Indian capital markets reforms.</li> <li>• Index construction methods.</li> <li>• EIC analysis of any selected company.</li> <li>• Selected tools of technical analysis.</li> <li>• Use of Discounted Cash Flow technique for selection of stocks.</li> <li>• Brief about Forward, Futures &amp; Options.</li> <li>• Application of CAPM theory.</li> <li>• Creating a portfolio using Sharpe Portfolio Selection.</li> <li>• Portfolio evaluation Mutual Fund Schemes. . . . etc</li> </ul>	8	Internal Evaluation (20 Marks of CEC)

#### 4. Teaching Method:

The following pedagogical tools shall be used for teaching the subject:

- The suggested method is chalk and talk.
- Students can give weekly review of various markets which can be the part of internal assessment.
- A project on valuation of selected companies based on fundamental and technical analysis could be done.

#### 5. Evaluation:

A	Projects/Assignments/Quiz/Class Participation, etc.	Weightage (50%) (Internal Assessment)
B	Mid-Semester Examination	Weightage (30%) (Internal Assessment)
C	End-Semester Examination (Min. 30% Theory and Mon. 70% Practical)	Weightage (70%) (External Assessment)

#### 6. Basic Text Books:

Sr. No.	Author	Name of the Book	Publisher	Year of Publication
T1	P. Pandian	Security analysis and	Vikas Publishing	Latest Edition

		Portfolio Management	House	
<b>T2</b>	Prasanna Chandra	Investment Analysis And Portfolio Management	Tata McGraw Hill	Latest Edition

Note: Wherever the standard books are not available for the topic appropriate print and online resources, journals and books published by different authors may be prescribed.

## 7. Reference Books:

<b>Sr. No.</b>	<b>Author</b>	<b>Name of the Book</b>	<b>Publisher</b>	<b>Year of Publication</b>
<b>R1</b>	Edwin Elton & Martin Gruber	Modern Portfolio Theory and Investment Analysis	Wiley	2012, Latest
<b>R2</b>	Reilly/Brown,	Investment Analysis and Behaviour	TMH	Latest Edition
<b>R3</b>	ZviBodie, Alex Kane, Alan Marcus and Pitabas Mohanty	Investments	Tata McGraw Hill	Latest Edition
<b>R4</b>	Fischer and Jordon,	Security analysis and Portfolio Management	Pearson	Latest Edition
<b>R5</b>	Gordon Alexander, William Sharpe and Jeffery Bailey	Fundamental of Investments	Pearson	Latest Edition

## 8. List of Journals/Periodicals/Magazines/Newspapers, etc.

Journal of Security Analysis and Portfolio Management.

Applied Finance by ICFAI

## 9. Session Plan:

<b>Session Nos.</b>	<b>Topics to be covered</b>
<b>1-2</b>	Define investment. Investment alternative. The process of investment trading

	Types of orders.
<b>3-4</b>	Margin trading & Margin Calculation
<b>5-6</b>	Risk and return in investment. Real return-nominal return. Historical and expected return. Risk-valuation of risk.
<b>7</b>	Sources of risk
<b>8-10</b>	EIC framework economic analysis- variables tracked industry analysis- variables tracked- company analysis- variables analysed.  Sources of information and trouble shots of financial statements.
<b>11-13</b>	Technical analysis. Tools and uses.
<b>14-15</b>	Efficient market theory
<b>16</b>	Markowitz Model
<b>17-18</b>	CAPM
<b>19-21</b>	Sharpe Optimum Portfolio Selection. Listing down data inputs, selection and construction of optimal portfolios.
<b>22</b>	Arbitrage theory and Multifactor model
<b>23</b>	Investment in bonds
<b>24</b>	Types of bonds
<b>25-26</b>	Investment process in bonds
<b>27</b>	Portfolio Revision & Portfolio Management
<b>28</b>	Portfolio Evaluation – Sharpe, Jensen, Treynor&Fama Net Selectivity.
<b>29-36</b>	<u>Practical Assignments</u> <ul style="list-style-type: none"> <li>• Indian capital markets reforms.</li> <li>• Index construction methods.</li> <li>• EIC analysis of any selected company.</li> <li>• Selected tools of technical analysis.</li> <li>• Use of Discounted Cash Flow technique for selection of stocks.</li> <li>• Brief about Forward, Futures &amp; Options.</li> <li>• Application of CAPM theory.</li> <li>• Creating a portfolio using Sharpe Portfolio Selection.</li> </ul>

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