

Security Analysis and Portfolio Management - Web course

COURSE OUTLINE

This course provides a broad overview of investment management, focusing on the application of finance theory to the issue faced by portfolio managers and investors in general.

Topics will include the topics of equity investment, and fixed income investment in various markets in the case of individual securities and issues related to portfolio optimization and performance evaluation.

This also deals with the risk management instruments used to manage the risk in equity market. It provides the extensive idea about the mutual fund investment and develops general portfolio management tools which are applicable when managing portfolios with any of all asset classes.

In this context the main objectives of this course are:

- (i) to provide a theoretical and practical background in the field of investments.
- (ii) designing and managing the bond as well as equity portfolios in the real world.
- (iii) valuing equity and debt instruments.
- (iv) managing the mutual funds.
- (v) measuring the portfolio performances.

COURSE DETAIL

Module	Learning Units	No.of Hours
1: Investment Setting	Financial Markets.	2
	Financial Assets/ Instruments.	
	Investment Objectives.	
2: Risk and Return	Analysis of different types of risks and Return.	2
	Measures of Return and Risk.	
	Determinants of Required Rate of Return.	
	Risk free rate and factors influencing the risk free rate; Risk Premium.	



NP-TEL

NPTEL

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Management

Pre-requisites:

1. Financial Management.

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3: Capital Market	Organization and Function of Equity Market and Bond Market.	2
	Mutual Funds.	
4: Efficient Market Hypothesis	Efficient Market Concept; Different forms of Efficiency.	2
	Random walk theory.	
	Challenges to the Efficient Market Hypothesis.	
5: Financial Statement Analysis	Major Financial Statements.	2
	Computation and Analysis of Financial Ratios.	
6: Valuation of Equity Shares	Theory of Valuation.	2
	Alternative Valuation Methods.	
7: Economic Analysis	Macro economic activity and security Markets.	2
	Economic Series and Stock Prices.	
	The Cyclical Indicator Approach.	
	Monetary Variables, the Economy and Stock Prices.	
	Inflation, interest rate and security prices.	
8: Industry Analysis	Introduction; Business Cycle and Industry Sectors.	2
	Evaluating the industry life cycle.	
	Analysis of Industry Competition.	
	Estimation of Industry Rates of Return.	
9: Company Analysis	Firm Competitive Strategies.	2
	SWOT Analysis.	

	Analysis of Growth and Value Companies.	
10: Technical Analysis	Assumptions, Advantages and Challenges.	2
	Technical Trading Rules and Indicators.	
	Technical Analysis of Equity Markets.	
11: Introduction to Portfolio Management	Measurement of Expected Risk and Return of Portfolio.	2
	Alternative Measures of Risk.	
	Markowitz Portfolio Theory.	
	The Efficient Frontier and Investor Utility.	
12: Capital Asset Pricing Model	Overview of Capital Market Theory-Market Portfolio.	2
	Capital Asset Pricing Model-Assumptions.	
	Security Market Line and Capital Market Line.	
	Zero beta Model.	
13: Multi Factor Models	Arbitrage Pricing Theory (APT).	2
	Security Valuation and APT.	
	Empirical Tests of APT.	
	Estimating Risk in a Multi-factor Setting.	
14: Optimal Portfolio Selection Models	Markowitz Theory.	2
	Sharpe's Single Index Model.	
	Lagrange Multiplier Theory.	
15: Equity Portfolio Management Strategy	Passive vs. Active Management.	2
	Passive Equity Portfolio Management Strategy-	

	Index Portfolio Construction Techniques.	
	Tracking Error, Methods of Index Portfolio Investment.	
	Fundamental Active Strategies; Technical Strategies.	
	Market Anomalies; Value vs. Growth Investments.	
	Investor Behaviour and Stock Returns.	
16: Analysis and Valuation of Bonds-I	Bond Valuation; Computing Bond Yields.	2
	Calculation of future bond prices; Yield curve.	
17: Analysis and Valuation of Bonds-II	Determination of interest rates.	2
	Term structure interest rate theories.	
	Bond price volatility.	
18: Bond Portfolio Management Strategies	Passive and Active Bond Portfolio Management Strategies.	2
	Core plus bond portfolio management Strategy.	
	Contingent Immunization Procedures.	
	Bond Market Efficiency.	
19: Introduction to Derivatives	Types of Derivatives.	2
	Structure of Forward and Future Markets.	
	Interpretation of Future and Option Price Quotations.	
	Investing with derivative securities.	
20: Evaluation of Portfolio Performance	Treynor, Sharpe, Jensen and Information Ratio Performance Measures.	2
	Application of Portfolio Performance Measures.	

	Factors affecting the use of Performance Measures.	
	Total	40

References:

1. Security Analysis and Portfolio Management by Fisher and Jordan, Prentice Hall India.
2. Investment Analysis and Portfolio Management by Prasanna Chandra, Tata McGraw Hill.
3. Investment Analysis and Portfolio Management by Railley and Brown, Cengage Learning.
4. Investments by Bodie, Kane, Marcus and Mohanty, Tata McGraw Hill.