Subject Code :P8FME5

SECURITIES ANALYSIS AND PORTFOLIO MANAGEMENT

Credit Allotted: 4 **Max. Marks: 75**

Objective : To make the students understand the key aspects of Security Analysis and Portfolio Management.

Unit I

Investments – Investment Vs. Speculation – Investment Process – Investment categories – Risk and return – Factors Influencing Risk – Measuring Risk and Return, Valuation of Equity : Divided Discount Models, Price/Earnings Approach.

Unit II :

Equity stock analysis : Economic analysis : Key Macroeconomic Factors.
Industry analysis : Industry Life Cycle Analysis, Analysing the structure and Characteristics of an Industry – profit Potential of Industries.

Company Analysis : Analysing the Financial Statements, the Chemistry of Earnings, Forecasting via the Earnings Model, Market Share/Profit Margin approach, Independent Forecast of Revenue and Expenses.
Bond Analysis – Returns and risk – Valuation of Bonds – Bond Management Strategies : Duration.

Unit III – Options :
Types – Determinants of option value – Option Position and strategies – Option pricing.
Futures : Stock index futures – Portfolio Strategies using futures – Future on fixed income securities – Futures on long term Securities

Unit IV – Technical Analysis :

Market indicators, Forecasting Individual Stock Performance.
Efficient Market Theory – Random walk – The Efficient Market Hypothesis.
Portfolio Analysis : Effects of combining securities – Markowitz's Mean – Variance model. Portfolio Selection : Risk and investor Preferences – Constructing the portfolio – Significance of beta in the Portfolio.

Unit V – Capital Market Theory

CAPM – Arbitrage Pricing Theory
Managed Portfolio and performance evaluation : Sharpe Index, Treynor Index, Jensen's Model.

(Theory Only)

Reference:

1. Donald E.Fischer and Ronald J Jordan, Security Analysis and Portfolio Management, 6th Ed., Prentice Hall of India, 2000
2. Prasanna Chandra, Managing Investment, Tata McGraw Hill
3. R.J. Fuller and J.L. Farrel, Modern Investment and Security Analysis, McGraw Hill.
4. Jack Clark Francis, Management of Investment, McGraw Hill
5. Stron Robert, Portfolio Management Hand Book, Jaico, Bombay.