FINANCE SPECIALISATION COURSES
INVESTMENT MANAGEMENT

Course Code	20MBAFM303		CIE Marks	40
Teaching Hours/Week (L:T:P)	3:0:2		SEE Marks	60
Credits	04		Exam Hours	03

Course Objectives
1. To understand the capital market and various instruments for investment.
2. Learn valuation of equity, debt and mutual funds.
3. To learn theories of portfolio management.
4. To learn diversification of securities for risk return trade off in capital market.
5. To lean portfolio construction for retail investors, high net worth individuals, mutual funds.

Module -1 Introduction to Investment	**7 hours**

Investment Avenues, Attributes, Investor V/s speculator, Features of a good Investment, Investment Process. Financial Instruments: Money Market Instruments, Capital Market Instruments, Derivatives.
Securities Market: Primary Market, Secondary Market. Stock Market Indicators- Indices of Indian Stock Exchanges (only Theory).

Module -2	**7 hours**

Return and Risk Concepts: Concept of return, individual security returns, rate of return, Concept of Risk, Causes of Risk. Types of Risk- Systematic risk- Market Price Risk, Interest Rate Risk, Purchasing Power Risk, Unsystematic Risk- Business risk, Financial Risk, Insolvency Risk, Risk-Return Relationship, Concept of diversifiable risk and non-diversifiable risk. Calculation of Return and Risk of Individual Security (Theory & Problems).

Module -3 Valuation of Securities	**9 hours**

Bond features, Types of Bonds, Determinants of interest rates, Bond Valuation, Bond Duration, Bond Management Strategies. Preference Shares- Concept, Features, Valuation. Equity Shares- Concept, Valuation, Dividend Valuation Models, P/E Ratio valuation model. (Theory & Problems).

Module -4	**7 hours**

Macro-Economic and Industry Analysis: Fundamental analysis-EIC Frame Work, Economy Analysis, Industry Analysis, Company Analysis- Financial Statement Analysis.
Market Efficiency: Efficient Market Hypothesis, Forms of Market Efficiency, Empirical test for different forms of market efficiency.
Technical Analysis – Concept, Theories- Dow Theory, Eliot Wave theory. Charts-Types, Trends and Trend Reversal Patterns. Mathematical Indicators –Moving Average Convergence-Divergence, Relative Strength Index (Theory only).

Module -5 Modern Portfolio Theory	**11 hours**

Markowitz Model- Diversification, Portfolio Return, Portfolio Risk, Efficient Frontier. Sharpe's Single Index Model, Capital Asset Pricing Model: Assumptions, CAPM Equation, Capital Market Line, Security Market Line, CML V/s SML. Sharpe's Optimum Portfolio Construction. Arbitrage Pricing Theory: Equation, Assumption, CAPM V/s APT (Theory & Problems).

Module-6 Portfolio Management Strategies and Performance Evaluation	**9 hours**

Portfolio Management Strategies: Active and Passive Portfolio Management strategy. Portfolio Revision: Portfolio Revision Strategies – Objectives, Performance plans. **Mutual Funds:** Concept of Mutual Funds, Participants in Mutual Funds, Advantages of Investment in Mutual Fund, Measure of Mutual Fund Performance.
Portfolio performance Evaluation: Measures of portfolio performance (Theory & Problems).

Course outcomes:
At the end of the course the student will be able to:
1. The student will understand the capital market and various Instruments for Investment.
2. The learner will be able to assess the risk and return associated with investments and methods to value securities.
3. The student will be able to analyse the Economy, Industry and Company framework for Investment Management.
4. The student will learn the theories of Portfolio management and also the tools and techniques for efficient portfolio management.

CO-PO MAPPING

Practical Components:
• Each student will be given a virtual cash of Rs.10 Lakhs and they will be asked to invest in equity shares based on fundamental analysis throughout the semester. At the end the best investment will be awarded based on the final net worth. Virtual on line trading account can be opened for the student and every week 2 hours can be allotted to invest, monitor and evaluate.
• Students should study the stock market pages from business press and calculate the risk and return of selected companies.
• Students can do a macro economy using GDP growth.
• Students' are expected to do Industry analysis for specific sectors.
• Students can do Company analysis for select companies using profitability and liquidity ratios.
• Practice technical analysis using Japanese candle sticks.

CO	PO				
	PO1	PO2	PO3	PO4	PO5
CO1	X				
CO2	X			X	X
CO3	X				X
CO4	X			X	

Question paper pattern:
The SEE question paper will be set for 100 marks and the marks scored will be proportionately reduced to 60.
• The question paper will have 8 full questions carrying equal marks.
• Each full question is for 20 marks.
• Each full question will have sub question covering all the topics under a Module.
• The students will have to answer five full questions; selecting four full question from question number one to seven and question number eight is compulsory.
40 percent theory and 60 percent problems in the SEE.

Textbook/ Textbooks

Sl. No.	Title of the book	Name of the Author/s	Publisher Name	Edition and year
1	Investment Analysis and Portfolio management	Prasanna Chandra	Tata McGraw Hill Education	3/e, 2010
2	Investments	ZviBodie, Kane, Marcus & Mohanty	Tata McGraw Hill Education	8/e, 2010
3	Security Analysis & Portfolio Management	J Kevin	Tata McGraw Hill Education	2014

Reference Books

	Title of the book	Name of the Author/s	Publisher Name	Edition and year
1	Analysis of Investments & Management	Reilly & Brown	Cengage Publications,	10e/2017
2	Security Analysis & Portfolio Management	Punithavathy Ehavathy Pandian	Vikas Publications	2/e, 201/8
3	Investment management (Security Analysis and & Portfolio Management)	Bhalla V.K.	Vikas Publications	19/e, 2018