

INVESTMENT MANAGEMENT

Subject Code	: 14MBA FM303	IA Marks	: 50
No. of Lecture Hours / Week	: 04	Exam Hours	: 03
Total Number of Lecture Hours	: 56	Exam Marks	: 100
Practical Component	: 01 Hour / Week		

Objectives:

- To develop a thorough understanding of process of investments.
- To familiarize the students with the stock markets in India and abroad.
- To provide conceptual insights into the valuation of securities.
- To provide insight about the relationship of the risk and return and how risk should be measured to bring about a return according to the expectations of the investors.
- To familiarise the students with the fundamental and technical analysis of the diverse investment avenues

Module I : (Theory) (6 Hours)

Investment: Attributes, Economic vs. Financial Investment, Investment and speculation, Features of a good investment, Investment Process.

Financial Instruments: Money Market Instruments, Capital Market Instruments, Derivatives.

Module II : (Theory) (6 Hours)

Securities Market: Primary Market - Factors to be considered to enter the primary market, Modes of raising funds, Secondary Market- Major Players in the secondary market, Functioning of Stock Exchanges, Trading and Settlement Procedures, Leading Stock Exchanges in India.

Stock Market Indicators- Types of stock market Indices, Indices of Indian Stock Exchanges.

Module III : (Theory & Problems) (8 Hours)

Risk and Return Concepts: Concept of Risk, Types of Risk- Systematic risk, Unsystematic risk, Calculation of Risk and returns.

Portfolio Risk and Return: Expected returns of a portfolio, Calculation of Portfolio Risk and Return, Portfolio with 2 assets, Portfolio with more than 2 assets.

Module IV : (Theory & Problems) (8 Hours)

Valuation of securities: Bond- Bond features, Types of Bonds,

Determinants of interest rates, Bond Management Strategies, Bond Valuation, Bond Duration.

REFERENCE Shares- Concept, Features, Yields.
Equity shares- Concept, Valuation, Dividend Valuation models.

Module V (10 Hours)

Macro-Economic and Industry Analysis: Fundamental analysis- EIC Frame Work, Global Economy, Domestic Economy, Business Cycles, Industry Analysis.

Company Analysis- Financial Statement Analysis, Ratio Analysis.

Technical Analysis – Concept, Theories- Dow Theory, Elliot wave theory, Charts-Types, Trend and Trend Reversal Patterns, Mathematical Indicators – Moving averages, ROC, RSI, and Market Indicators. (Problems in company analysis & Technical analysis)

Market Efficiency and Behavioural Finance: Random walk and Efficient Market Hypothesis, Forms of Market Efficiency, Empirical test for different forms of market efficiency, Behavioural Finance – Interpretation, Biases and cliques. (Theory only)

Module VI : (Theory & Problems) (10 Hours)

Modern Portfolio Theory: Markowitz Model -Portfolio Selection, Opportunity set, Efficient Frontier, Beta Measurement and Sharpe Single Index Model

Capital Asset pricing model: Basic Assumptions, CAPM Equation, Security Market line, Extension of Capital Asset pricing Model - Capital market line, SML VS CML.

Arbitrage Pricing Theory: Arbitrage, Equation, Assumption, Equilibrium, APT and CAPM.

Module VII : (Theory & Problems) (8 Hours)

Portfolio Management: Diversification- Investment objectives, Risk Assessment, Selection of asset mix, Risk, Return and benefits from diversification.

Mutual Funds:, Mutual Fund types, Performance of Mutual Funds-NAV, Performance evaluation of Managed Portfolios- Treynor, Sharpe and Jensen Measures

Portfolio Management Strategies: Active and Passive Portfolio Management strategy.

Portfolio Revision: – Formula Plans-Rupce Cost Averaging (QUESTION PAPER- 50% Problems, 50% Theory)

Practical Components:

- A Student is expected to trade in stocks. It involves an investment of a virtual amount of Rs.10 lakhs in a diversified portfolio and manage the portfolio. At the end of the Semester the Net worth is to be assessed and marks may be given (to beat an index).
- Students should study the functioning of stock exchange.
- Students should study of the stock market pages from business press and present their observations
- Students can do
- Macro Economic Analysis for the Indian economy.
- Industry Analysis for Specific Sectors.
- Company Analysis for select companies.
- Practice Technical Analysis
- Students can study the mutual funds schemes available in the market and do their Performance evaluation.

RECOMMENDED BOOKS:

- Investment Analysis and Portfolio management – Prasanna Chandra, 3/e, TMH, 2010.
- Investments – ZviBodie, Kane, Marcus & Mohanty, 8/e, TMH, 2010.
- Investment Management – Bhalla V. K, 17/e, S.Chand, 2011.
- Security Analysis & Portfolio Management – Fisher and Jordan, 6/e, Pearson, 2011.
- Security Analysis & Portfolio Management – Punithavathy Pandian, 2/e, Vikas, 2005.
- Investment Management – Preeti Singh, 17/e, Himalaya Publishing House 2010.
- Security Analysis & Portfolio Management- Kevin S, PHI, 2011.
- Investments: Principles and Concepts – Charles P. Jones, 11/e, Wiley, 2010.
- Security Analysis & Portfolio Management – Falguni H. Pandya, Jaico Publishing, 2013.

REFERENCE BOOKS:

- Fundamentals of Investment – Alexander, Sharpe, Bailey, 3/e, PHI, 2001.
- Security Analysis & Portfolio Management – Nagarajan K & Jayabal G , 1st Edition, New Age international, 2011.
- Investment – An A to Z Guide, Philip Ryland, 1st Edition, Viva Publishers, 2010.
- Guide to Investment Strategy-Peter Stanyer, 2nd Edition, Viva Publishers, 2010.

- Security Analysis & Portfolio Management – Sayesh N. Bhat, 1st Edition, Biztantra, 2011.
- Security Analysis & Portfolio Management– Dhanesh Khatri, 1st Edition, Macmillan, 2010.
- Security Analysis & Portfolio Management – Avadhani V. A, HPH.
- Investment Analysis & Portfolio Management– Reilly, 8/e, Cengage Learning.



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