

(Question Paper: Case study-Problem on financial evaluation of leasing and hire purchase.)

Practical Components:

- Students can study the procedure for the sanction of housing loans by a bank
- Students can study the Procedure to open a Demat account and an Online Trading Account.
- Students can visit a NBFC and study their operations
- Students may visit a SHG/NGO and study the micro finance aspects
- Visit a bank/financial institution providing factoring service and submit a report.

RECOMMENDED BOOKS:

- Indian Financial System—Khan M. Y, 7/e, TMH, 2011
- Indian Financial System – Machiraju, 4/e, Vikas, 2010
- Financial Markets and Services – Gordon & Natarajan, 7/e, Himalaya publishing, 2011.
- Financial services - Khan M.Y, 6/e, McGraw Hill, 2011.
- Banking and Financial services- Sharma, Mukund, 1/e edition, Himalaya Publishing House, Mumbai.

REFERENCE BOOKS:

- Dynamics of Financial Markets and Institutions in India – Srivastava R. M, Excel Books, 2010.
- Indian Financial System – Bharati V. Pathak, 3/e, Pearson Education, 2011.
- Investment Banking- Pratap G Subramanyam, Tata McGraw Hill, 2012.
- Merchant Banking & Financial services - Vij&Dhavan, 1/e, McGraw Hill, 2011.

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INVESTMENT MANAGEMENT

Subject Code	: 16MBA FM303	IA Marks: 20
Number of Lecture Hours/Week	: 03	Exam Hours: 03
Number of Lecture Hours	: 56	Exam Marks: 80
Practical Component	: 02 Hours/ Week	

Objectives:

- To develop a thorough understanding of the 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 familiarize the students with the fundamental and technical analysis of the diverse investment avenues
- To learn the Theories of Portfolio management and also the tools and techniques for efficient portfolio management.

Course Outcome:

At the end of the course, the students are able to:-

- Understand the process of investments.
- Get an insight into functioning of stock markets in India and abroad.
- Have insight into the relationship of the risk and return.
- Have familiarity of the fundamental and technical analysis
- Learn the Theories of Portfolio management and also the tools and techniques for efficient portfolio management.

Unit 1: (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. Mutual Funds: Functions of Investment companies, Classification of Investment companies, Mutual Fund types, Performance of Mutual Funds-NAV.

Unit 2: (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.

Unit 3: (Theory & Problems)

(10 Hours)

Risk and Return Concepts: Concept of Risk, Types of Risk- Systematic risk, Unsystematic risk, Calculation of Risk and returns of individual security, Portfolio Risk and Return

Unit 4: (Theory & Problems)

(10 Hours)

Valuation of securities: Bond- Bond features, Types of Bonds, Determinants of interest rates, Bond Management Strategies, Bond Valuation, Bond Duration. Preference Shares- Concept, Features, Yields. Equity shares- Concept, Valuation, Dividend Valuation models

Unit:5 (Theory& Problems)

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

Unit 6: (Theory & Problems)

(12 Hours)

Modern Portfolio Theory: Markowitz Model -Portfolio Selection, Opportunity set, Efficient Frontier. 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.

Portfolio Management: Diversification- Investment objectives, Risk Assessment, Selection of asset mix, Risk, Return and benefits from diversification. Portfolio Management Strategies: Active and Passive Portfolio Management strategy. Portfolio Revision: Portfolio Revision Strategies – Objectives, Performance plans.

Portfolio Evaluation: Holding period's returns, Measures of portfolio performance. Sharpe's, Treynor's and Jensen's.

(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 managing 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 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:

- Investments – ZviBodie, Kane, Marcus & Mohanty, 8/e, TMH, 2010.
- Investment Analysis and Portfolio management – Prasanna Chandra, 3/e, TMH, 2010.
- Security Analysis & Portfolio Management- Kevin S, PHI, 2011.
- 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 – Preethi Singh, 17/e, Himalaya Publishing House 2010.

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.
- Security Analysis & Portfolio Management– Dhanesh Khatri, 1st Edition, Macmillan, 2010.
- Security Analysis & Portfolio Management– Talwar, 1st Edition, Cengage, 2016.

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ADVANCED FINANCIAL MANAGEMENT

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