

2. Merchant Banking & Financial services- Vij & Dhavan, 1/e, McGraw Hill, 2011.
3. Investment Banking- Pratap G Subramanyam, Tata McGraw Hill, 2012.

#### CO-PO MAPPING

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

## INVESTMENT MANAGEMENT

Semester	III	CIE Marks	: 40
Course Code	18MBAFM302	SEE Marks	: 60
Teaching Hours / week (L:T:P)	3-0-2	Exam Hours	: 03
Credits : 04			

### Course Objectives:

1. To understand the capital market and various instruments for investment.
2. To learn valuation of equity, debt and mutual funds.
3. To learn the theories of portfolio management.

### Unit 1:

**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.

**Securities Market:** Primary Market, Secondary Market. Stock Market Indicators- Types of stock market Indices, Indices of Indian Stock Exchanges (only Theory).

### Unit 2:

**Risk and Return Concepts:** Concept of Risk, Types of Risk- Systematic risk, Unsystematic risk, Calculation of Risk and returns individual security, Portfolio Risk and Return (Theory & Problems).

### Unit 3:

**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. (Theory & Problems).

### Unit 4:

**Macro-Economic and Industry Analysis:** Fundamental analysis-EIC Frame Work, 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, Market Indicators. (Theory only).

### Unit 5:

**Modern Portfolio Theory:** Markowitz Model, Sharpe's 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. (Theory & Problems).

### Unit 6:

**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.

**Portfolio Management Strategies:** Active and Passive Portfolio Management strategy. Portfolio Revision: Portfolio Revision Strategies – Objectives, Performance plans.

**Portfolio performance Evaluation:** Holding period returns, Measures of portfolio performance. (Theory & Problems).

### 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.

### COURSE OUTCOMES:

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.

### RECOMMENDED BOOKS:

- Investment Analysis and Portfolio management – Prasanna Chandra, 3/e, TMH, 2010.
- Investments – Zvi Bodie, Kane, Marcus & Mohanty, 8/e, TMH, 2010.
- Security Analysis & Portfolio Management - J Kevin, TMH

### REFERENCE BOOKS:

- Analysis of Investments & Management – Reilly & Brown, Cengage, 10e/2017
- Security Analysis & Portfolio Management – Punithavathy Ehavathy Pandian, 2/e, Vikas, 2005.

**Question Paper:** 60 % Theory 40% problems.

### CO-PO MAPPING

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