

<b>Course title:</b> Security Analysis & Portfolio Management				
<b>Course code:</b> PPM 126	<b>No. of credits:</b> 2	<b>L-T-P distribution:</b> 28-2-0	<b>Learning hours:</b> 30	
<b>Pre-requisite course code and title (if any):</b>				
<b>Department:</b> Department of Business and Sustainability				
<b>Course coordinator (s):</b>			<b>Course instructor (s):</b>	
<b>Contact details:</b>				
<b>Course type</b>	Elective	<b>Course offered in:</b> 3 <sup>rd</sup> Semester		
<b>Course description</b> Security Analysis and Portfolio Management concerns itself with investment in financial assets with specific attention to the returns and risk associated with investing in securities. The subject is aimed at providing insight to the various analytical techniques used in evaluation of the various investment opportunities. The course also provides of extension of these concepts to the portfolio of securities and the concept of diversification, management of a portfolio.				
<b>Course objectives</b> Analyzing securities & managing portfolios to generate required return can be intimidating for individuals. The key objective of this course is to provide the students in-depth knowledge and equip them with essential tools, techniques, models and investment theory necessary for analyzing different types of securities, making sound investment decisions and optimal portfolio choice.				
<b>Course content</b>				
<b>Unit</b>	<b>Topic</b>	<b>L</b>	<b>T</b>	<b>P</b>
1	Introduction to Investments – Meaning and nature, Risk-return trade off, Investment environment, Financial markets – Nature and types, Capital Market – Primary & Secondary, Stock exchange, Trading in securities, Financial market participants	4	0	0
2	Time value of money – Concept & Applications, Discounting & Compounding for different cash flow patterns, Multi period compounding	4	0	0
3	Risk & Return – Concept, Measures of return – Holding period rate of return, Return relative, CAGR. Types of risk – Systematic vs. Unsystematic risk, Standard deviation & beta as a measure of risk	4	0	0
4	Valuation of Securities – Equity, Preferred stock and Debt. Yield till maturity, Yield to call, Bond duration, Dividend discount model, CAPM model, Earnings based models.	4	0	0
5	Approaches to Security Valuation - Fundamental Analysis- EIC framework, Using Ratios for analysis, Technical Analysis – Basic premise and Dow theory, Types of charts and Chart patterns, Moving average analysis, Market indicators and stock specific indicators, Odd lot theory. Efficient market hypothesis - Forms of market efficiency and their implications, Tests of different forms of market efficiency.	4	0	0
6	Portfolio Analysis and Selection – Calculating risk and return of portfolio, Mean Variance Approach, Sharpe Model, Theory of Portfolio Selection – Markowitz Model, CML & CAPM. Stock market anomalies (Size effect, Value effect, Seasonality effect, Overreaction effect), Arbitrage Pricing Theory and Multifactor Asset Pricing Models including Fama French Five factor model.	4	1	0
7	Portfolio Management, Evaluation & Revision - Active and Passive portfolio management; Investment strategies- value investing, momentum and contrarian strategies; Portfolio performance evaluation (Sharpe index, Treynor’s Index, Jensen’s alpha, Information ratio and Fama’s decomposition measure).	4	1	0
	Total	28	2	0

**Evaluation criteria**

Test 1: Quizzes – 20%

Test 2: Group work / Assignments / Presentation – 20%

Test 3: Written Test - 60%

**Learning outcomes:**

On successful completion of this course, the student will be able to

1. Evaluate the investment environment, alternative investment avenues and understand the risk return framework.
2. Calculate the intrinsic value of different types of securities.
3. Analyze equity shares using different approaches and models.
4. Construct, analyze, select and evaluate portfolios along with a deep understanding of Capital market theory and associated models.

**Pedagogical approach**

The pedagogy would be a mix of Lectures, Discussions, Case analysis, Quizzes, Assignments & Group work.

**Materials****Reference Books:**

1. Prasanna C (1994). Investment Analysis & Portfolio Management, McGraw Hill, ND.
2. Bodie Z., Kane A. & Marcus A. (2014). Investments, McGraw Hill. NY.
3. Donel E. Fischer and Ronald J. Jordan (2000). Security Analysis and Portfolio Management, Pearson Education, London.

**Additional information (if any)****Student responsibilities**

**Prepared by:** Dr. Swati Dhawan & Prof. Manipadma Datta

**Course Reviewers:**

Prof. Madhu Vij, DU

Mr. Vikram Dhawan, Founder, Mint Wealth Management