

BIRLA INSTITUTE OF TECHNOLOGY AND SCIENCE, PILANI
INSTRUCTION DIVISION
FIRST SEMESTER 2015-16
Course Handout Part II

Date: 03/07/2015

In addition to part -I (General Handout for all courses appended to the time table) this portion gives further specific details regarding the course.

Course No. : ECON C412/MGTS C412/CDP C313/MBA C437
Course Title : Security Analysis & Portfolio Management
Instructor-in-charge : RAJAN PANDEY

1. Scope & Objective: Introducing students to the World of Investments.

The objective and focus of the course is to give an insight into evaluation and analysis of a wide range of financial securities and thereby developing techniques for designing an optimal portfolio. The main emphasis of the course is to impart an understanding of the methods and techniques of Risk Quantification, Security Valuation, Fundamental Analysis, and Technical Analysis required for security selection for designing an optimal portfolio.

After completing this course the students shall be able to:

A/ Appreciate and apply the concepts of Investment analysis in theory as well as in a real-life situation.

B/ Identify numerous investments related risks that an investor is subject to while investing in financial securities.

C/ Differentiate between various classes of financial securities such as Equities, Fixed Income Securities, and Derivatives and learn various techniques to value and analyze these securities.

D/ Carry out Fundamental Analysis (that involves Economy Analysis, Industry Analysis and Company Analysis) to study the intrinsic strength of a firm and make investment decisions based on the study.

E/ Analyze and interpret various technical charts related to stock price movements and predict future price movements to comment on Buy/Sell/Hold decisions.

F/ Understand the mechanics of Derivatives trading and develop various strategies for hedging or speculation using derivatives.

G/ Comprehend the news items appearing in the financial dailies.

2. Text book (TB):

Reilly Frank K and Keith C. Brown, Investment Analysis and Portfolio Management, 8th edition, Thomson Learning, 2007.

3. Reference books (R):

1. D.E. Fisher and R.J. Jordan - Security Analysis and Portfolio Management, Prentice-Hall/Pearson Edu., 6th Edition, 1995
2. Russell J. Fuller & James L. Farrell – Modern Investment & Security analysis - McGraw Hill, International Ed.
2. J.C. Francis, Investments: Analysis and management, 5th Ed., 1991, McGraw Hill, Singapore
3. M.Ranganatham & R. Madhumathi: Investment Analysis & Portfolio Management, Pearson Education.

4. Comprehensive Course Plan:

Lecture No.	Learning Objectives	Topics to be covered	Reference
1-8	Exposure to investment climate, Risk and return.	Introduction to Investments. Risk and return, investor life cycle, securities and its various types, global security markets. Organization and functioning of security markets, indexes and their calculations, Types of orders, trading mechanism, common stock exchange problems, margin trading,	Chap 1-5
9-13	Learning Efficient Market Theory, Understanding intricacies of portfolio mgt. and its types. Learning Portfolio performance measurement and evaluation	Markowitz model, Sharpe's Single Index model, Capital Asset Pricing model. Various objectives of performance evaluations, performance measures	Chap 6-9 (TB)
14-18	Exposure to Bond Fundamentals	Time Value of Money, Bond Valuation, Analysis & management. Bond Strategies, Duration, Immunization etc.	Chap 17-19 (TB)
19-28	Exposure to Fundamental Analysis technique of Security valuation	Economy, Industry & Company Analysis, Models of Security Valuation (Cash Flow Model and Dividend Discount Model), Multiple Growth rates, Dividend Capitalization Approach, Basic features, patterns and parameters. Ratio Analysis.	Chap 10 - 15
29-33	Technical Analysis	Understanding the significance and limitations of Technical Analysis. Popular figures and chart patterns (support and resistance level, moving averages, Price-volume indicators, momentum indicators) their analysis and interpretation.	Chap 16

34-40	Derivatives	Introduction to futures, forwards and Options Application of derivatives in risk management Option pay-off diagrams, market mechanics and trading strategies	Lecture Notes
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5. Evaluation Scheme:

EC No.	Components	Duration	Weight age (%)	Date, Time	Nature of Component
1	Mid-sem	90 min	35	9/10 4:00 - 5:30 PM	OB
2	Comprehensive Exam	180 min	40	11/12 AN	OB
3.	Quizzes	Best 2 of 3	10	TBA	CB
4.	Assignments	2 Assign.	15	TBA	Group Assign.

6. Chamber Consultation Hour: M W – 4:00 – 5:00 PM
(e-mail: rajanpandey@pilani.bits-pilani.ac.in)

7. Notice: Students are advised to check their BITS e-mail account on regular basis.

Instructor-In-Charge

ECONC412/MGTSC412/CDP C313