



# MARRI LAXMAN REDDY INSTITUTE OF TECHNOLOGY AND MANAGEMENT

(AN AUTONOMOUS INSTITUTION)

(Approved by AICTE, New Delhi & Affiliated to JNTUH, Hyderabad)

Accredited by NAAC with 'A' Grade & Recognized Under Section 2(f) & 12(B) of the UGC act, 1956

## COURSE CONTENT

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT								
<b>III Semester: MBA</b>								
Course Code	Category	Hours/Week			Credits	Maximum Marks		
		L	T	P		C	CIE	SEE
25MB020F1	CORE	4	0	-	4	40	60	100
Contact Classes: 60	Tutorial Classes: Nil	Practical Classes: Nil			Total Classes:60			
<b>Prerequisite:</b> Basic concepts of security analysis and portfolio management								

### COURSE OVERVIEW:

This syllabus provides a comprehensive understanding of Investment Management. It introduces the Indian financial system, investment environment, securities markets, and the role of Securities and Exchange Board of India. It covers portfolio analysis using Markowitz theory, CAPM, and APT to evaluate risk and return. Bond valuation topics include bond pricing, yields, duration, and management strategies. Equity valuation focuses on DCF models, dividend discount models, relative valuation techniques, and market efficiency. The course also explains derivatives, including options and futures, and concludes with mutual fund performance evaluation using Sharpe, Treynor, Jensen, and Fama models.

### COURSE OBJECTIVES:

- To enable understanding of the investment process, investment alternatives, Valuation of debt and equity.
- To impart knowledge of the Portfolio Analysis.
- To elaborate various aspects in Bond Valuation.
- To educate on the various aspects in Equity valuation.
- To discuss the methods of performance evaluation of mutual funds.

### COURSE OUTCOMES: After completion of the course, students should be able to

1. Understand the Indian financial system and also about Investment.
2. Learn the relevance of risk and returns.
3. Learn various influences bond valuation and management.
4. Understand the relevance of equity valuation of cash market and derivatives.
5. Identify the need for mutual funds in India.

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Unit – I: Introduction to Investment: Introduction, Indian Financial System and Structure, Investment, Speculation and Gambling, Features of Investment, Investment Avenues, Investment Process. The Investment Environment, Securities Market of India, Securities Trading and Settlement, Types of Orders, Margin Trading, Roles and Responsibilities of SEBI.

Unit – II: Portfolio Analysis: Risk and Return Analysis, Markowitz Portfolio Theory, Mean – Variance Approach, Portfolio Selection, Efficient Portfolios, Single Index Model, Capital Asset Pricing Model, Arbitrage Pricing Theory.

Unit – III: Bond Valuation: Classification of Fixed Income Securities, Types of Bonds, Interest Rates, Term Structure of Interest Rates, Measuring Bond Yields, Yield to Maturity, Yield to Call, Holding Period Return, Bond Pricing Theorems, Bond Duration, Modified Duration. Active and Passive Bond Management Strategies, Bond immunization, Bond Volatility, Bond Convexity.

Unit – IV: Equity Valuation: a) Intrinsic Value versus Market Value, Equity Valuation Models- Discounted Cash Flow Techniques, Dividend Discount Models (DDM), Growth Rate cases for DDM, Free Cash Flow Valuation Approaches, Relative Valuation Techniques, Earnings Multiplier Approach, Price/ Earnings, Price/ Book Value, Price/ Sales Ratio, EVA.  
b) Fundamental Analysis, Technical Analysis, Efficient Market Hypothesis.

Unit – V: a) Derivatives: Overview of Indian Derivatives Markets, Option Markets, Option Strategies and Option Valuation, Forward & Future Markets, Mechanics of Trading,  
b) Performance Evaluation: Mutual Funds, Types of Mutual Funds Schemes, Structure, Trends in Indian Mutual Funds, Net Asset Value, Risk and Return, Performance Evaluation Models: Sharpe Model, Treynor Model, Jensen Model, Fama’s Decomposition.

#### **TEXT BOOKS:**

- ZVI Bodie, Alex Kane, Alan J Marcus, Pitabas Mohanty Investments, Mc Graw Hill, 11 e, 2019.
- Shalini Talwar, Security Analysis and Portfolio Management, Cengage Learning, 2016.
- Punithavathy Pandian, Security Analysis & Portfolio Management, Vikas, 2014.
- William. F. Sharpe, Gordon J Alexander & Jeffery V Bailey: Fundamentals of Investments, Prentice Hall, 2012.
- Donald E Fischer, Ronald J Jordan: Security Analysis and Portfolio Management, 6e, Pearson.
- Charles P. Jones, Investments Analysis and Management, 9e, Wiley, 2004.
- Prasanna Chandra: Investment analysis and Portfolio Management” 4th Edition, TMH, 2013

#### **REFERENCE BOOKS**

1. Investment Analysis and Portfolio Management – Prasanna Chandra
2. Security Analysis and Portfolio Management – S. Kevin
3. Investments – Zvi Bodie, Alex Kane & Alan J. Marcus
4. Investment Analysis and Management – Charles P. Jones
5. Fundamentals of Investments – Eugene F. Brigham & Joel F. Houston
6. Security Analysis – Benjamin Graham & David Dodd

## **ELECTRONIC RESOURCES**

1. NPTEL – Investment Management Courses
2. Swayam
3. Investopedia
4. National Stock Exchange of India – Market Learning Resources
5. SEBI – Investor Education Portal

## **MATERIALS ONLINE:**

1. Course template
2. Tutorial question bank
3. Tech talk and Concept Video topics
4. Open-ended experiments
5. Definitions and terminology
6. Assignments
7. Model question paper – I
8. Model question paper – II
9. Lecture notes
10. PowerPoint presentation
11. Drishya Siksha Sangrah (DSS) Videos

