SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

23MBPE641

(COURSE HANDBOOK)

MBA

COURSE HEAD:

Mr. Akshathraj Jain, Ms. Suchithra

1. GENERAL INFORMATION

Welcome to Security Analysis and Portfolio Management!

This course provides an essential foundation for understanding the principles of security analysis and portfolio management, equipping you with the skills and knowledge to make informed investment decisions in today's dynamic financial environment. Throughout this course, you will explore key concepts, tools, and techniques crucial for analyzing securities, assessing risk, and constructing diversified portfolios.

The curriculum is structured into five comprehensive modules, each building progressively to ensure a thorough understanding. You will begin with an introduction to financial instruments and investment avenues, followed by detailed insights into security risk and return analysis. Subsequent modules will focus on valuation techniques for various securities, portfolio construction strategies, and advanced portfolio management methodologies. These topics are complemented by practical activities designed to bridge theoretical concepts with real-world applications.

As you advance through the course, active participation in discussions, case studies, and collaborative projects will be encouraged. These activities aim to deepen your understanding and develop critical skills such as analytical thinking, problem-solving, and decision-making. Emphasis will be placed on practical learning, with opportunities to apply concepts through hands-on exercises, simulations, and industry-relevant scenarios.

By the end of this course, you will be well-prepared to evaluate investment opportunities, build effective portfolios, and navigate the complexities of financial markets. Please familiarize yourself with the course handbook, as it contains vital information about assessments, learning outcomes, and resources to support your learning journey.

We look forward to an engaging and insightful semester, empowering you to excel in the field of security analysis and portfolio management.

1.1.Course Objectives

- **Impart Knowledge of Financial Instruments**: Provide an understanding of key financial instruments and investment avenues.
- **Familiarize with Risk and Return Analysis**: Introduce tools and techniques for analyzing security risk and return.
- **Enhance Valuation Skills**: Develop skills to compute and evaluate the valuation of various securities.
- **Strengthen Portfolio Diversification Knowledge**: Acquaint students with the principles and benefits of building diversified portfolios.
- **Familiarize Portfolio Construction and Management**: Introduce portfolio construction methodologies and effective management techniques.

1.2.Course Outcomes

- **CO1**: Make use of investment avenues and market indicators to know investment opportunities.
- **CO2**: Analyze types of risk to calculate return and risk to enhance investment
- decision making.
- **CO3**: Apply investment strategies for optimizing returns
- **CO4**: Utilize dividend valuation models for dividend decisions
- **CO5**: Analyze portfolio management techniques to construct optimal investment portfolios.

1.3.Set Text and Suggested Sources

All the below mentioned books are available in the 1st Floor Library.

Key Text Books:

1. S Kevin "Security Analysis & Portfolio Management", 3rd Edition, Tata McGraw Hill, 2014
2. Fisher and Jordan, "Security Analysis & Portfolio Management", 7th Edition, Pearson, 2018.
3. Prasanna Chandra, "Investment Analysis and Portfolio management", 3rdEdition, Tata McGraw Hill, 2010.

Reference Books:

1. Punithavathy Pandian, "Security Analysis & Portfolio Management", 2ndEdition, Vikas Publications, 2018

2. Bhalla V.K, "Investment management "Security Analysis and Portfolio Management",19th Edition, Vikas publications, 2018.

2. THE COURSE

2.1.Course Description

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT			
Semester	**III**	CIE Marks	**50**
Course Code	**23MBPE641**	SEE Marks	**50**
Teaching Hrs/Week (L:T:P)	**3:0:0**	Exam Hrs	**03**
Total Hrs	**42**	Credits	**03**

The security analysis and portfolio management course designed to provide students with advance knowledge on fundamental and technical analysis of stocks for building portfolio. The course will run for 13 weeks during Semester 3 and consists of 5 modules that cover essential topics in management and behavior within organizations. Each week includes 3 lectures, delivered by Prof. Akshathraj Jain, Prof. Suchithra, focusing on theoretical concepts, practical applications, and course-related activities. Spanning a total of 42 hours, this 3-credit course is assessed through Continuous Internal Evaluation (CIE) for 50 marks and a Semester-End Examination (SEE) for 50 marks. This structure ensures a balanced and engaging learning experience for students.

2.2. Initiating Contact with Staff and Other Students

We promote open communication and welcome your questions about the course. The best ways to inquire are during class time or during faculty office hours. Due to the large number of students enrolled, we recommend reviewing the online materials, such as this handbook and the official website, to see if your question can be addressed there. Furthermore, we encourage you to engage with your peers for discussions and collaborative learning, as this will deepen your understanding of the course content and help build a supportive academic community.

2.3. Resources

Being an institute emphasizing on research and development, students are provided access to a variety of resources that not only facilitate learning but also spark curiosity and provide valuable insights. The resources include dynamic tools such as digital libraries, e-learning platforms, and research databases, offering anytime, anywhere access to academic materials and interactive courses.

Through the college website, students can explore resources like the VTU Consortium, e-learning platforms, and open-access repositories such as NPTEL and NDLI. These digital tools grant access to e-books, research papers, video lectures, and interactive tutorials, creating a flexible and enriching learning environment.

E-learning and digital library can be accessed via the college website https://mite.ac.in/ (Campus Life section > Library > VTU Consortium/e-learning platforms/additional sources).

Apart from this, students opting for Finance as part of their MBA Dual Specialization, are encouraged to explore the following independent resources to enhance their understanding of this subject:

2.4. Staff

Course Faculty: Prof. Akshathraj Jain
Cabin: 3rd floor, PG Block
Email: akshathraj@mite.ac.in

Course Faculty: Prof. Suchithra
Cabin: 3rd floor, PG Block
Email: suchithra@mite.ac.in

2.5.Topics and Reading materials for each module

Module 1 *No. of Hours: 6*

- **Topic: Introduction to Investment**
  - Investment Avenues, Attributes, Investor V/s speculator, Investment Process. Financial Instruments- Capital Market Instruments, Securities Market- Trading & Settlement Procedure, Fundamental analysis using EIC model, technical analysis and the concept of market efficiency

- **Activities:**
  - A case on investment in stock market failures and success

- **Essential Readings:**
  - S Kevin "Security Analysis & Portfolio Management", 3rd Edition, Tata McGraw Hill, 2014. Chapter 2,4,5,7, 11 and 12

- **Additional Reading:**
  - Bhalla V.K., "Investment management "Security Analysis and Portfolio Management", 19th Edition, Vikas publications, 2018. (Part 1,Chapter 1, 9) and (Part 3,Chapter 20,21,22)

Module 2 *No. of Hours: 10*

- **Topic: Risk and Return Concepts**
  - Concept of risk- causes of risk, types of risk- systematic risk and unsystematic risk. Concept of diversifiable risk and non-diversifiable risk. Calculation of return and risk of individual security & portfolio

- **Activities:**
  - A case on inflated financial statement and its impact on investors

- **Essential Reading:**
  - Fisher and Jordan, "Security Analysis & Portfolio Management", 7th Edition, Pearson, 2018. Chapter 3

- **Additional Reading:**
  - Punithavathy Pandian,"Security Analysis & Portfolio Management",2nd Edition, Vikas Publications, 2018. Chapter 7 and 9

Module 3 *No. of Hours: 8*

- **Topic: Valuation of Securities**
  - Bond valuation, yield to maturity (YTM), yield to call (YTC), bond duration and bond management strategies. Preference shares and equity shares concept and valuation-dividend valuation models, P/E ratio valuation model.

- **Activities:**
  - Presentation on leading stock broking companies of the world.

- **Essential Reading:**
  - Prasanna Chandra, "Investment Analysis and Portfolio management", 3rd Edition,Tata McGraw Hill, 2010. Part 4 and 5

  - S Kevin "Security Analysis & Portfolio Management", 3rd Edition, Tata McGraw Hill, 2014. Chapter 10

- **Additional Reading:**
  - BhallaV.K, "Investment management "Security Analysis and Portfolio Management",19th Edition, Vikas publications, 2018. (Part 2, chapter 10,11,12 and 13)
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Module 4 *No. of Hours: 10*

- **Topic: Modern Portfolio Theory**
  - Markowitz Model- Diversification, Portfolio Return, Portfolio Risk, Efficient Frontier. Sharpe's Single Index Model, Capital Asset Pricing Model, Capital Market Line, Security Market Line, CML V/s SML. Sharpe's Optimum Portfolio Construction.

- **Activities:**
  - Case study: Case on Barings bank

- **Essential Reading**:
  - Prasanna Chandra, "Investment Analysis and Portfolio management", 3rd Edition,Tata McGraw Hill, 2010. Part 3

- **Additional Reading:**
  - BhallaV.K, "Investment management "Security Analysis and Portfolio Management",19th Edition, Vikas publications, 2018. (Part 4, chapter 23,24,26,27 and 28)

Module 5 *No. of Hours: 8*

Topic: Portfolio Management Strategies & Performance
  - Portfolio Management Strategies: active and passive Portfolio Management strategy. Portfolio Revision: Portfolio Revision Strategies Portfolio Performance Evaluation: Measures of portfolio performance.

- **Activities:**
  - Students will examine their team and evaluate its progress through the stages of development: forming, storming, norming, performing, and adjourning. This activity prompts students to reflect on how teams grow, the challenges encountered at each stage, and the strategies that can improve team dynamics and overall performance.

- **Essential Reading:**
  - S Kevin "Security Analysis & Portfolio Management", 3rd Edition, Tata McGraw Hill, 2014. Chapter 13,14,17 and 18

- **Additional Reading:**
  - BhallaV.K, "Investment management "Security Analysis and Portfolio Management",19th Edition, Vikas publications, 2018. (Part 4, Chapter 31 and 32)

  - A Study on Portfolio Management Strategies Adopted by Asset Management Companies across the Globe. (DOI:10.11648/j.ijefm.20241206.14)

3. ASSESSMENT

The assessment for the Security Analysis and portfolio Management course is divided into two components: Continuous Internal Evaluation (CIE) and Semester End Examination (SEE), each accounting for 50% of the total marks.

Continuous Internal Evaluation (CIE) comprises two internal tests, scheduled for 8th and 14th week, which together contribute 30% of the total marks. Additionally, students can earn 20% through the completion of assignments (10 marks is allotted for completion of module wise assignments and 10 marks are allotted for student performance in group presentation).

Semester End Examination (SEE) constitutes the remaining 50% of the total marks and is conducted as a 3 hour written examination. Key information regarding examination dates and related details can be accessed via the college website (Academics and Courses section > Calendar of Events > PG Odd Sem).

Rubrics for Assignment Evaluation (Total: 20 Marks / 40% of CIE)

1. Module Wise Assignment (10 Marks)				
Criteria	**10-9 Marks (Excellent)**	**8-7 Marks (Good)**	**6-5 Marks (Fair)**	**4-1 Marks (Poor)**
Completion	Completed all modules and tasks.	Completed most modules.	Completed some modules.	Incomplete or missed modules.
Timeliness	Completed on time.	Completed slightly late.	Completed much later than due.	Missed the deadline.

2. Case study analysis by Students (10 Marks)					
Criteria	**10-9 Marks (Excellent)**	**8-7 Marks (Proficient)**	**6-5 Marks (Adequate)**	**4-3Marks (Basic)**	**2-1 Mark (Unsatisfactory)**
Financial Concepts	Strong fundamental analysis, active in all stages	Good fundamental analysis, involved in most stages	Moderate fundamental analysis and contribution	Minimal fundamental analysis and contribution	No fundamental analysis and initiative
Collaboration and Teamwork	Excellent collaboration, highly cooperative	Good Collaboration and teamwork	Average collaboration and teamwork	Limited collaboration and teamwork	No teamwork and collaboration