

Lecture Plan

**Program:** BBA

**Name of the Course:** Investment Analysis and Portfolio Management L-P-T-S-C

**Credit:** 03  3-0-0-0-3

**Sem:** V **Academic Year:** 2022-23

**Faculty Member:** Manish Dadhich, PhD **Code:** BMF-3101/BC-3106

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Introduction /Course Description:

Investing in various types of assets is an interesting activity that attracts people from all walks of life, irrespective of their occupation, economic status, education, and family background. Financial investment is the allocation of money to assets that are expected to yield some gains over a period. It is an exchange of financial claims such as stock and bonds for money. They are expected to yield returns and experience capital growth over the years. In a chaotic scenario, investing in stock markets is a major challenge even for seasoned professionals. And it is no surprise that security analysis and portfolio management is a central concern for management students. This course offers conceptual clarity and in-depth coverage related to portfolio management. The course also outlines investment basics and different securities forms in the Indian stock market. The investment alternatives, major stock exchange, listing of securities and their trading pattern are the subject area of management students. The practical dimension of the risk involved in the stock market investment and the quantitative term of risk are also discussed in this course. The knowledge of fundamental analysis gives a systematic approach for estimating a stock's present and future worth through economic-industry-company analysis. Further, it is also necessary to know about the technical analysis to study the stock price movement, efficient market theory and random walk theory. The student should also understand portfolio construction and technique to minimize the risk. Evaluating the portfolio is a vital term to be imbibed by the management students.

Course Objective:

* This course aims to provide knowledge about stock markets and securities.
* To construct an optimum portfolio with a trade-off between risk & return.
* To analyze the tools of reducing risk by diversification.
* To know about various models of portfolio management and optimization.

###### Course Outcomes (COs) & Bloom's Taxonomy

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| **Course Outcomes** | **Bloom's Taxonomy** |
| **CO1:** Acquaintance with contemporary investment avenues and determining risk-return propositions | * Remembering (K1) * Knowledge (K2) |
| **CO2:** Understand fundamental and technical analysis to identify the correct entry and exit time. | * Remembering (K1) * Knowledge (K2) |
| **CO3:** Assess risks involved in capital market investments and optimize returns from the stock market. | * Comprehending (K3) * Applying (K4) |
| **CO4:** Expose real-life buzzes of portfolio  formation and techniques. | * Comprehending (K3) * Applying (K4) * Analyzing (K5) |
| **CO5:** Know about portfolio performance measurement, evaluation, and revision. | * Applying (K4) * Analyzing (K5) |

**Pedagogy**

The pedagogy will be a combination of class lectures (theory and solving problems), experience sharing, real-life examples, caselet discussion, quizzes, and projects/assignments on specific companies. Each concept will be explained theoretically and practically so that students from any background are able to comprehend the security and investment concepts easily. In addition to the text and reference books, additional readings and cases will be distributed in the class from time to time. Students are also expected to read and identify the problems in understanding the concepts and their application in the real-world situation before the starting of each session. This will help develop creativity and innovative thinking in students to manage investment analysis and portfolio management.

Suggested Readings:

**Textbook:**

* Security Analysis and Portfolio Management., P Pandian, (2020), Vikas Publishing House Ltd, New Delhi.

**Reference Books:**

* Security Analysis & Portfolio Management Donald Fischer & Ronald Jordon, (2019), Pearson Education.
* Security Analysis and Portfolio Management, Kevin. S, (2018), PHI, Delhi
* Security Analysis & Portfolio Management, Prasanna Chandra, (2019), Pearson Publication, Delhi
* Security Analysis and Portfolio Management., Sudhindhra Bhatt, (2018), S Chand & Co. Delhi

**Important Websites:**

* www.rbi.org.in
* www.finmin.nic.in
* www.mospi.nic.in
* www.irdai.gov.in

**Scheme of Evaluation**

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| **Assessment** | | **Weightage (in %)** |
| **Continuous Internal Assessment** | | **40** |
| Assessment Task | Frequency \* Marks = Total Marks (100) | Weightage for individual Component |
| Mid Term Examination – I and II | 2\*20 = 40 | 16 |
| Quiz | 3\*10 = 30 | 12 |
| Assignments (Class Assignment /Home Assignments)/Case Study/ Case Discussions/ Project Work. | 1\*10 = 10 | 4 |
| Assignments (Class Assignment /Home Assignments) | 1\*10 = 10 | 4 |
| Attendance | 10 | 4 |
| **External Assessment** | | **60** |
| End Term Examination | 1\*60 | 60 |

**Detailed Lecture Plan:**

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| --- | --- | --- | --- | --- | --- | --- |
| **Lecture No** | | **Topic** | **Reading/Reference** | | | **Learning Outcome & Course Outcome (CO) with Bloom's Taxonomy** |
| **UNIT-I: Basic Concepts and Principles** | | | | | | |
| 1 | | Introduction to Investment Environment: meaning, objectives, investment process.  (Book: SAPM, Punithavathy Pandian, VPH) | Textbook, Chapter-1, p. 2, p. 5, pp. 12-17; Chapter 2, pp.  51-54 | | | To remember and understand different types of investment, objectives, terminology etc.  (**CO1; K1, K2**) |
| 2 | | Investment information, criteria for investment. Types of investors, investment v/s speculation v/s gambling. | Textbook, Chapter 1, pp. 2-5, p. 10 | |  | To understand various types of investors and terminology and concept, viz. speculation, gambling, and investment.  (**CO1; K1, K2**) |
| 3 | | Investment Avenues, fixed income, and variable income securities.  **Case Study:** Investor's Dilemma (Punithavathy Pandian, Textbook, Chapter-2, VPH) | Textbook, Chapter 2, p.22-30, pp.-32-40 | | | To acquaint with various investment avenues, their advantages, and disadvantages. Practical explanation with a small case study.  (**CO1; K1, K2**) |
| 4 | | Factors influencing the selection of investment alternatives, the introduction of capital market in India. | Textbook, Chapter 2, pp. 31-35. Chapter 4, pp.66-73 | |  | To comprehend the factors to be considered while investing in any avenues, how to analyze the best option and evaluation. To know the basics of secondary market.  (**CO1; K1, K2**) |
| 5 | | Stock Market Index, NSDL, Benefits of Depository Settlement, Online Share Trading, and it's Advantages. | Chapter-4, pp.76-86.  Chapter-5, pp.97-103 | |  | To recognize various types of stock exchanges, benefits of online trading, DEMAT and its advantages.  ( **CO1; K1, K2**) |
| 6 | | Concepts of financial market, primary and secondary market | Textbook, Chapter 5, p. 138-148 | | 4, | To understand the concept of financial market and their role and functions.  (**CO1; K1, K2**) |
| **UNIT-II: Risk - Return Relationship** | | | | | | |
| 7 | | Introduction to risk, meaning and types of risk. | Textbook, Chapter 7, p p. 123-1130. p. 144 | |  | To understand various risk types and why risk analysis is essential before investment**.**  **(CO2; K2**) |
| 8 | | Systematic and Unsystematic risk, Measurement of Beta.  **Case Study:** Is this right stock……? (Punithavathy Pandian, Textbook, Chapter-7, p. 139, VPH) | Textbook, Chapter 7, pp. 132-140 | |  | To recognize various types of systematic and unsystematic risk. Further explanation of the risk with the help of a mini case study. (**CO2; K2, K3**) |
| 9 | | Standard deviation, variance, reduction of risk through diversification. Numerical problems | Textbook, Chapter 7, pp. 140-142 | |  | To comprehend and solve the numerical. Calculate standard deviation, variance, and tools to reduce risk through diversification.  (**CO2; K2, K4**) |
| 10 | | Practical problems on a calculation of standard deviation, variance, and beta. | Textbook, Chapter 7, pp. 143-144 | |  | To understand and answer the numerical problems by analyzing standard deviation, variance, and apparatuses to reduce risk and uncertainty.  (**CO2; K2, K4**) |
| 11 | | Numerical Exercises | Textbook, Chapter 7,  pp.148-150 | |  | To evaluate various securities based on return and risk.  (**CO2; K5**) |
| **UNIT-III: Portfolio Management** | | | | | | |
| 12 | Portfolio Management: Meaning and Concept | | Textbook, Chapter 17, pp. 393-394 | To acquaint with portfolio management, the meaning, concept, and necessity of managing the portfolio.  (**CO4; K1, K2**) | | |
| 13 | Portfolio Management Process.  **Case Study:** A decision cast in Iron (Punithavathy Pandian, Textbook, Chapter-10, p. 233, VPH) | | Textbook, Chapter 17, pp. 394-396.  Moodle: manishdadhich.gnomio | To acquaint with the portfolio generation process and its utility and need in the present chaotic scenario.  (**CO4; K2, K3, K4**) | | |
| 14 | Objectives, Basic Principles of Portfolio Management | | Textbook, Chapter 17, pp. 396-399, Chapter 22, pp. 513-514 | To understand the objectives of portfolio management and basic principles.  (**CO4; K2, K3, K4**) | | |
| 15 | Factors affecting Investment Decisions in Portfolio Management | | Textbook, Chapter 18, pp. 396-399, and Moodle: manishdadhich.gnomio | To acquaint with factors influencing portfolio generation and investment decisions in the present chaotic scenario.  (**CO4; K3**) | | |
| 16 | Strategy of portfolio mix, simple diversification | | Textbook, Chapter 18, pp. 404-406 and Moodle: manishdadhich.gnomio | To frame a portfolio strategy mix and advantages of diversification of funds.  (**CO5; K2, K3**) | | |
| **UNIT-IV: Security Analysis** | | | | | | |
| 17 | Security Analysis: meaning and concept | | Textbook, Chapter 10, pp. 214 and Moodle: manishdadhich.gnomio | To understand the concept of security analysis and its relation to analyzing the volatility in the market.  (**CO2; K2, K3, K4**) | | |
| 18 | Fundamental Analysis, Economic Analysis.  **Case Study:** To pharma or not to pharma (Punithavathy Pandian, Textbook, Chapter-10, p. 1230, VPH) | | Textbook, Chapter 10, pp. 223-226.  Moodle: manishdadhich.gnomio | To comprehend the concept of fundamental analysis and economic analysis while analyzing markets and securities.  (**CO2; K2, K3, K4**) | | |
| 19 | Industry Analysis, Company Analysis.  **Case Study:** Battle of two and three-wheelers (Punithavathy Pandian, Textbook, Chapter-11, p. 271, VPH) | | Textbook, Chapter 11, pp. . 235-250. | To acquaint with industry and company analysis so as to analyze the wholesome effect of securities in the primary and secondary market.  (**CO2; K2, K4**) | | |
| 20 | Technical Analysis - Basic Principles of Technical Analysis | | Textbook, Chapter 12, pp. . 275-280. | To get the basic principles of technical analysis in order to forecast the stochastic series or index.  (**CO2; K2, K3**) | | |
| 21 | Uses of Charts: Line Chart, Bar Chart, Candlestick Chart, Mathematical Indicators | | Textbook, Chapter 12, pp. . 280-285. | To draw the basic principles of technical analysis in the form of graphs, charts, candlestick support and resistance levels.  (**CO2; K2, K3**) | | |
| 22 | Lecture by Industry Experts | | - | - | | |
| **Unit-V: Theories, Capital Asset Pricing Model and Portfolio Performance Measurement** | | | | | | |
| 23 | Introduction of various portfolio theories | | Textbook, Chapter 20, pp. . 451-452, and Moodle: manishdadhich.gnomio | To understand various portfolio theories to strengthen the stock prediction.  (**CO5; K2, K3, K4**) | | |
| 24 | Dow Jones Theory, Elloit Wave Theory | | Textbook, Chapter 12, pp. 292-293. and Moodle: manishdadhich.gnomio | To frame certain indicators and oscillators in order to predict the series or stochastic index.  (**CO5; K2, K3**) | | |
| 25 | Efficient Market Theory | | Textbook, Chapter 14, pp. 325-330, and Moodle: manishdadhich.gnomio | To study the random walk theory, market efficiency, operational and informational efficiency.  (**CO5; K2, K3**) | | |
| 26 | Capital Asset Pricing Model: Assumptions of CAPM, CAPM Equation. | | Textbook, Chapter 20, pp. . 452 | To know the application of CAPM and security market line (SML) while forecasting the time series.  (**CO5; K2, K3, K4**) | | |  |
| 27 | Study of Capital Market Line, Security Market Line.  **Case Study:** Bonded to bonds (Punithavathy Pandian, Textbook, Chapter-8, p. 180, VPH) | | Textbook, Chapter 20, p. p .453-454 | To understand the application of capital and security market lines (SML) while forecasting data.  (**CO5; K3, K4, K5**) | | |  |
| 28 | Portfolio Performance Measurement: Meaning of Portfolio Evaluation. | | Textbook, Chapter 21, p p . 481-482 | To analyze portfolio performance and their evaluation to get the investment management's inside.  (**CO5; K2, K3**) | | |
| 29 | Introduction to Sharpe's Ratio and its relevance | | Textbook, Chapter 13, pp.333-345 | To comprehend and know the utility of Sharpe's ratio for portfolio evaluation.  (**CO5; K2, K4**) | | |
| 30 | Sharpe's Ratio (Numerical Problems) | | Textbook, Chapter 13, pp.333-345 | To analyze and evaluate the utility of Sharpe's ratio for portfolio evaluation.  (**CO5; K3, K4**) | | |
| 31 | Lecture by Industry Experts | | - | - | | |
| 32 | Case studies | | Moodle: manishdadhich.gnomio | To analyze, evaluate and comprehend the case studies based on investment analysis and portfolio management.  (**CO5; K3, K4, K5**) | | |
| 33 | Introduction to indicators and oscillators: Numerical on moving averages, oscillators | | Textbook, Chapter 13, pp.. 305-308 | To frame certain indicators and oscillators in order to predict the series or stochastic index.  (**CO2; K2, K3, K4**) | | |
| 34 | Case studies | | Moodle: manishdadhich.gnomio | To analyze, evaluate and comprehend the case studies based on investment analysis and portfolio management.  (**CO5; K3, K4, K5**) | | |
| 35 | Problem-solving class/recapitulation. | | - | - | | |
| 36 | Investing and forecasting presentation by the students. | | - | - | | |

Students’ Interaction Time: Monday (04:30 PM – 05:30 PM)

Tuesday (04:30 PM – 05:30 PM)

Case Study F