

**INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR**  
**Security Analysis & Portfolio Management**  
**Course: PGDM (Full Time)**  
**Term: IV**

**Faculty:** Dr. Santanu Das  
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**Objectives:**

1. To provide an in-depth knowledge of techniques of valuing stocks and bonds and of use of fundamental and technical analysis in taking investment decisions.
2. To develop an understanding of how to optimally allocate funds across alternative (risky) asset classes (e.g., stocks, bonds, etc.) to form an optimal portfolio and how to optimally allocate wealth between the optimal risky portfolio and a risk-free asset (such as the Treasury-bill).
3. To develop an understanding of alternative styles of investment management and alternative methodologies of evaluating portfolio performance.

**Pedagogy:**

The course will be delivered through a mix of lectures and real-life assignments involving thorough analysis and presentations. Exercises will be based on excel.

**Evaluation Criteria:**

Class Participation	10%
Assignments	20%
Quiz (Best of TWO)	10%
Mid-term Examination	20%
End-term Examination	40%

**Session plan:**

Session No.	Topic	Readings
1-2	Overview of investment process <ul style="list-style-type: none"><li>• Expected return and risk</li><li>• Portfolio of securities</li><li>• Measure of risk</li><li>• Distribution of Returns</li></ul>	BKM: Ch. 1,5
3-4	Economic & Industry Analysis <ul style="list-style-type: none"><li>• Economic Activity – GDP, IIP</li><li>• Monetary Policy</li><li>• Cross Sectional Industry Analysis</li><li>• Govt. Policies and their impact on industries</li></ul>	RK: Ch 12-13

	<ul style="list-style-type: none"> <li>• Estimating industry growth rate</li> <li>• Industry Valuation</li> </ul>	
5-7	Fundamental Analysis <ul style="list-style-type: none"> <li>• Analysis of Financial Statements</li> <li>• Equity Valuation using DCF, Multiples</li> </ul>	BKM: Ch.17-19
8-9	Technical Analysis <ul style="list-style-type: none"> <li>• Trends &amp; Corrections</li> <li>• Moving Averages</li> <li>• Bar Chart, Candlesticks</li> <li>• Gaps</li> <li>• Relative Strength Index</li> </ul>	BKM: Ch.12 Handouts
10-11	<p style="text-align: center;"><b>QUIZ -I</b></p> Portfolio Building <ul style="list-style-type: none"> <li>• Optimal asset allocation using mean-variance criterion</li> <li>• Portfolio Risk &amp; Diversification</li> <li>• Single Index Model</li> </ul>	BKM: Ch.6-8
12-13	Measuring Portfolio Performance <ul style="list-style-type: none"> <li>• Sharpe ratio, Jensen's Alpha</li> <li>• <math>M^2</math></li> </ul>	BKM: Ch.24
14-15	Analysis of Bonds -I <ul style="list-style-type: none"> <li>• Bond Features</li> <li>• Term Structure of Interest Rates</li> <li>• Pricing of Bonds</li> </ul>	BKM: Ch. 14-15
16-17	Analysis of Bonds -II <ul style="list-style-type: none"> <li>• Interest rate Risk</li> <li>• Duration of a bond</li> <li>• Convexity</li> <li>• Immunisation</li> </ul>	BKM: Ch.16
19	Mutual Funds <ul style="list-style-type: none"> <li>• MFs as portfolio</li> <li>• Open ended and closed ended schemes</li> <li>• Tax treatment</li> </ul>	Handouts
20	<b>Quiz-II Recap</b>	

### Reading Material:

### Text Book:

Bodie, Zvi , Alex Kane et.al. (2009), Investments, Eighth Edition, Tata McGraw- Hill (Referred to as BKM)

**Reference Books:**

1. Fischer, Donald E. and Ronald J. Jordan, Security Analysis and Portfolio Management, Sixth Edition, Pearson/Prentice Hall.(FJ)
2. Reilly, Frank K. and Keith C. Brown (2012), Investment Analysis & Portfolio Management, 10<sup>th</sup> Edition, Thomson South-Western. (RK)
3. Alexander, Gordon J; William F.Sharpe and Jaffery V. Bailey, Fundamentals of Investments, Third Edition, Pearson/Prentice Hall
4. Elton, Edwin J. and Martin J. Gruber, Modern Portfolio Theory and Investment Analysis, Fifth Edition, John Wiley & Sons.