



INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR  
Post Graduate Diploma in Management (PGDM)  
Security Analysis and Portfolio Management (FN604)  
3 Credit Course  
Session Duration: 90 minutes

Term – IV  
Year 2016-17  
Batch-II

Course Outline

Faculty: Santanu Das  
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**Learning Outcomes:**

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:**

Project 30%  
Quiz (Two of 10 marks each) 10% (Online to be announced ONE day in advance)  
Mid-term Examination 20%  
Term-end Examination 40%

**Readings**

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

Fischer, Donald E. and Ronald J. Jordan, Security Analysis and Portfolio Management, Sixth Edition, Pearson/Prentice Hall.(FJ)

Reilly, Frank K. and Keith C. Brown (2012), Investment Analysis & Portfolio Management, 10<sup>th</sup> Edition, Thomson South-Western. (RK)

Alexander, Gordon J; William F. Sharpe and Jaffery V. Bailey, Fundamentals of Investments, Third Edition, Pearson/Prentice Hall

Elton, Edwin J. and Martin J. Gruber, Modern Portfolio Theory and Investment Analysis, Fifth Edition, John Wiley & Sons.

**Session plan:**

<b>Session No.</b>	<b>Topic</b>	<b>Readings/ Learning Outcomes</b>
1-2	Measuring Risk and Return <ul style="list-style-type: none"> <li>· Definition of Risk</li> <li>· Types (Diversifiable &amp; Undiversifiable)</li> <li>· Real &amp; Nominal Rate of Interest</li> <li>· Effective Annual Rate</li> <li>· Holding Period Return</li> <li>· Arithmetic Vs Geometric Average</li> </ul>	Lo 1
3-4	Trading of Securities <ul style="list-style-type: none"> <li>· Issue of Securities</li> <li>· Clause 49 of Listing Agreement</li> <li>· Types of Orders (Price, Stop)</li> <li>· Margin Trading, Short Selling</li> </ul>	Lo 1
5-6	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/ LO 1
7-8	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/ LO 1
9-12	Optimal Portfolios & Index Models <ul style="list-style-type: none"> <li>· Two asset and multi asset case</li> <li>· Capital Allocation Line</li> <li>· The Single Index Model</li> <li>· Estimating Alpha</li> </ul>	Excel Based exercises/ LO 2, 3
13-15	Asset Pricing <ul style="list-style-type: none"> <li>· The CAPM</li> <li>· Risk Free and Risky Asset</li> <li>· The Efficient Frontier</li> </ul>	LO 1
16	Measuring Portfolio Performance <ul style="list-style-type: none"> <li>· Sharpe ratio</li> <li>· M<sup>2</sup></li> <li>· Treynor Ratio</li> </ul>	BKM: Ch.24/ LO 2
17-18	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>	LO 2, 3
19-20	Project Presentation	