



INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR
POST GRADUATE DIPLOMA IN MANAGEMENT - PART TIME

FN604: Security Analysis and Portfolio Management

CREDIT: TWO

SESSION DURATION: 90 Minutes

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TERM: IX

YEAR: 2020

BATCH: PGDM 2018-21

Course Introduction: This course aims 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. The students will learn 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).

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

Learning Outcomes

- To measure risk and performance in the context of an efficient portfolio and make asset allocation decisions (LO 1)
- To understand risk aversion and apply the principles to portfolio construction. (LO 2)
- To understand diversification and be able to create a well-diversified portfolio. (LO 3)
- To understand macro trends, risk premiums, and the implications for the construction of a global portfolio. (LO 4)
- To acquire familiarity with a variety of financial instruments (bonds, options, futures, and forwards, among others). (LO 5)
- To measure portfolio performance (LO 6)

Readings:

Investments, Eighth Edition, Bodie, Zvi, Alex Kane, *TMH* (Referred to as BKM)

Course Evaluation criteria (%)

Item	Weightage (%)	Learning Outcome(s)
Project (Group of 2 each)	20% (Presentation at the end of the term)	LO 3, LO 4, LO 6

Quiz	20% (Average will be considered)	LO1, LO3, LO5
Assignments	20% (Average will be considered)	LO1, LO3, LO5
End Term Examination	40%	LO1 to LO 6

Plagiarism

We are committed to upholding the highest standards of academic integrity and honesty. Plagiarism is the use of or presentation of ideas, works that are not one's own and which are not common knowledge, without granting credit to the originator. You may refer the already available content just for your reference and to get the basic ideas. Only 20% of such content is acceptable, above that comes under the definition of Plagiarism which is unacceptable in IMI and will be treated seriously. All such cases will be referred to the appropriate body of the Institute for suitable disciplinary action.

Session Plan:

Session No.	Topic	Learning Outcome	Readings
1	Overview of risk and return	LO 1	BKM Ch. 5
2-3	Analysis and Valuation of stocks <ul style="list-style-type: none"> Valuation (DDM, PE Ratios) Understanding distributions of stock prices and simulation [Using R] 		
4-5	Analysis of Bonds <ul style="list-style-type: none"> Bond Features Term Structure of Interest Rates Pricing of Bonds Interest rate Risk Duration of a bond Convexity 	LO 5	BKM Ch. 14
6-8	CAPM and Portfolio Diversification <ul style="list-style-type: none"> Two asset and multi asset case Capital Allocation Line The Efficient Frontier 	LO 3	BKM Ch. 6-8

9-10	Measuring Portfolio Performance <ul style="list-style-type: none"> • Sharpe ratio • Treynor Ratio • Jensen's Alpha 	LO 6	BKM Ch 24
11-12	Technical Analysis <ul style="list-style-type: none"> • Chart patterns (Candlestick) • Technical indicators – RSI, MACD, Bollinger Bands 	LO 3, LO 4	Classroom Discussion
13	QUIZ and PROJECT PRESENTATION		