

Programme..Master of Commerce (MCom)

MCM5202 INVESTMENT AND PORTFOLIO MANAGEMENT

Course Code	MCM5202	Semester	II
Course Title	INVESTMENT AND PORTFOLIO MANAGEMENT		
Credits	4	Type	Core

Learning/Course Objective

- To provide insight about the relationship of the risk and return and how risk should be measured to bring about a return
- To familiarize the students with the fundamental and technical analysis of the diverse investment avenues
- To encourage students to apply stock and option valuation models in portfolio management.

Course Structure

Unit 1:

Investment Concept, Types, Features and Functions: Concept of Investment- Types of Investment- Features of Real, Financial and Derivative investments- Features of Financial Investment instruments: Money & Capital Market investment instruments; Primary & Secondary Market Investment instruments; Fixed & Varying income investment instruments- Direct and Portfolio investments- Distinctions among Investment, Speculation and Gambling- Features of Ideal investments- Functions of Investment Management: Selecting, Scaling, Spreading, Spacing and Timing – Tax considerations and investment management- Relevant one or two case studies.

Unit 2:

Investment Goals, Return & Risk Analyses: Investment Goals : Return, Risk, Growth, Control and Tax-related goals- Goal differences of investors – Matching the Goals and Investments- Allocation of funds to different investments - Constraints and Strategies- Return and Risk analysis: Concepts and Measures of Return: Current Return, Holding Period Return- Concepts and Measures of Risk: systematic and unsystematic risks and their measures: Standard deviation, Variance and Beta – Risk-Return Relationship- Relevant one or two case studies.

Unit 3:

Investment Valuation Measures and Approaches: Equity and Debt Valuation: Methods of valuation of Equity and Debt investments- Price and Value analysis – Cootner's Hypothesis – Fundamental Analysis for investment evaluation – Economy, Industry and Company analysis- Technical Analysis: Concept and emphasis- Dow Theory- Important Charts Patterns – Lead and Lag Indicators – Price-Earnings- Relevant one or two case studies.

Unit 4:

Investment Portfolios, Mutual Funds and Efficient Market Hypotheses: Portfolio Concept and Construction – Portfolio risk and Return – Measures of Portfolio Return and Risk- Efficient Portfolios – Portfolio Choice – Mutual funds: Concept, Need and Types - Random Walk Theory- Different Forms of Market Efficiency: Weak, Semi-strong and Strong forms and their tests- Relevant one or two case studies.

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Unit 5:

Derivative Investments: Concept of Derivatives – Types - Options as a derivative investment-Terminologies in options market- Options types- Pay-off for holders and writers of call and put options contracts- Futures Market: Features of Futures contracts- Types of futures contracts –Uses – Swap contracts and their uses and types- Relevant one or two case studies.

Learning/Course Outcome

- Learn to compute historical and expected returns, as well as risk measures and comprehend the importance of the risk-return relationship.
- Define the objectives in constructing and managing a portfolio and learn to create an investment policy statement.
- Learn how the financial markets operate, how she can invest in different security types matching her client's portfolio objectives and constraint.
- Understand the principles of modern portfolio theory and the effect of diversification on investment portfolios
- Explored to different avenues of investment and equipped with the knowledge of security analysis.
- Apply the concept of portfolio management for the better investment.

Books for Reference:

1. Ranganatham and Madhumathi Investment analysis and Portfolio Management
2. B.K.Bhalla Investment Management
3. William Sharpe, Alexander and Bailey Investments
4. V.A. Avadhani Investment
5. Kevin Investment
6. Bodie,Kane and Marcus Investments
7. Donald E Fischer and Ronald J Jordan Security Analysis