

FSC104 Security Analysis [4 Credits]

Learning Objective: *This course aims at providing comprehensive understanding of theoretical concept and practical dimensions of security analysis with a focus on advanced techniques for assessment of securities.*

UNIT 1: Introduction to Investments (12 Hours)

INVESTMENT AND TYPES OF INVESTMENTS: Meaning – Investment Objectives – Investment Vs Speculation - Investment Process - Factors – Investment Avenues in India – Government Securities – Money Market Instruments – Equity – Bonds – Mutual Funds – Financial Derivatives - Meaning – Types of Asset Allocation – Styles of Asset Allocation – Approaches to Asset Allocations – Application and analysis of Asset Allocation Techniques – Risk Tolerance and Asset Allocation Strategies.

UNIT 2: Risk and Return Analysis (12 Hours)

RETURN MEASUREMENT: Return – Meaning – Holding Period Return – Expected Value of Return – Measuring Returns from Historical Data – Measuring Average Returns Over Multiple Period – Arithmetic Average Returns – Geometric Average Return – Rupee Weighted Average Return (*Including Problems*) : **RISK MEASUREMENT** Risk – Meaning – Source of Risk – Market Risk – Interest Risk – Purchasing Power Risk – Business Risk – Financial Risk – Types of Risk – Systematic Risk – Un-Systematic Risk – Measurement of Risk – Standard Deviation as a Measure of Risk – β As a Measure of Risk (*Including Problems*) – Measurement of Risk and Return of Securities (*Including Problems*)

UNIT 3: Valuation of Securities (12 Hours)

Fixed Income Securities – Types of Fixed Income Securities – Risk and Return Analysis of Fixed Income Securities – Alternative Investments of Fixed Income Securities - **Bonds - Types of Bonds** – Features - Valuation of Bonds – Types of Returns on Bonds – Pricing of Bonds - Yield Curve - Bond Duration and Immunization (*Including Problems*) - **SHARE VALUATION** - Concept of Present Value – Share Valuation Model – Dividend Discounting Model - One Year Holding Period – Multiple Year Holding Period – Constant Growth Model – Multiple Growth Model – Multiplier Approach to Share Valuation (*Including Problems*)

UNIT 4: Security Analysis – Fundamental Analysis (12 Hours)

FUNDAMENTAL ANALYSIS: Meaning – Objectives and Beliefs of Fundamental Analysis – Economy Analysis – Economic Forecasting – Forecasting Techniques - **Industry Analysis** - Classification of Industries – Product Based Classification – Sector Based Classification - Industry Life Cycle – Industry Characteristics – Industry Analysis and Sources of Information for Industry Analysis – **Company Analysis:** Source Information for Company Analysis – Operating Analysis – Management Analysis – Financial Analysis - Types of Financial Statements – Analysis Of Financial Statements – Earnings Quality Estimations – Case Studies

UNIT 5: Security Analysis – Technical Analysis (12 Hours)

Meaning – Assumption of Technical Analysis - Dow Theory – Trends and Trend Reversal – Eliot Wave Theory – Mathematical Indicators – Price Indicators – Support and Resistance Levels – Support and Resistance Levels – Moving Average of Stock Prices – Volume Indicators – Price – Volume Relationship – Short selling – Breadth of Market – Odd lot trading – Oscillators – Relative Strength Index – Charting – Types of Price Charts – Price Patterns - **EFFICIENT MARKET THEORY (EMH)** - Random Walk Theory – The Efficient Market Hypothesis – Forms of Market Efficiency – Test of Efficient Market Hypothesis – Case Studies

Suggested Readings:

1. Fischer & Jordan, Security Analysis and Portfolio Management, Prentice Hall India.
2. Punithavathy Pandian, Security Analysis and Portfolio Management, Vikas Publishing House Pvt. Ltd.
3. I. M. Pandey, Financial Management, Vikas Publishing House Pvt. Ltd.
4. Martin Pring, Technical Analysis Explained, McGraw Hill.
5. V. A. Avadhani, Investment and Securities Market in India, Himalaya Publishing House.