

Course Name : Investments

Credits	2.0
Faculty Name	Prof. Soumya G Deb
Program	EX-MBA
Academic Year and Term	2015-16 batch Term : 3

Course Description: The principal goal of the course is to provide students with a good understanding of the theory, concepts and models underlying investment analysis and management. Specific content includes introduction to Investment environment, concepts of risk and return in isolation and in a portfolio context, portfolio mathematics including diversification and optimal portfolio formation, asset pricing models and efficient market hypothesis, brief overview of behavioral finance, valuation and management of fixed income securities and portfolios, basics of derivative securities and how they can be used in hedging risks, and evaluation of portfolio performances.

Welcome to the course!

2. Student Learning Outcomes : At the end of the course the students should

- **Be able to :** demonstrate knowledge of the theory underpinning risk and return both for individual securities and portfolios
- **Be able to :** demonstrate knowledge of the basics of the capital asset pricing and market models, and bond management principles and theory
- **Be able to** understand the functioning of options and futures and basic principles of risk management.
- **Be able to** develop the ability to independently reason out investment issues and thus be better prepared when making real world investment decisions

3. Required Materials :

a) Text :

Investments by Bodie, Kane, Markus and Mohanty, (Latest subcontinent edition)
published by Tata Mcgraw Hill

b) Reference Book:

- Investments by Alexander, Sharpe , Bailey (PHI, Latest Edition)
- Modern Investment Theory by Haugen (PGI, latest edition).

c) Reading Materials as and when made available in the class.

d) Calculator : You will typically need a calculator that can handle exponents (i.e., that has a “y^x”-type key).

4.) Tentative Session Plan:

<u>Session</u>	<u>Topics Covered</u>
1,2,3	Building blocks : <ul style="list-style-type: none"> • The Investment Environment • Buying and Selling Securities • Efficient markets, Investment Value and Market price • Taxes and Inflation
4,5,6,7	Modern Investment Theory <ul style="list-style-type: none"> • The portfolio selection problem • Portfolio analysis • Risk free lending and borrowing • The capital asset Pricing model • Factor models • APT

7-8-9-10	<p>Issues in Investment in Equity Securities and Fixed Income Securities</p> <ul style="list-style-type: none"> • Security analysis (Fundamental and technical) • Bond Prices and Yields (recap) • The term structure of Interest rates (recap) • Managing Bond Portfolios
11-12	<ul style="list-style-type: none"> • Options Futures and Other derivatives
13-14	<p>Applied Portfolio Management</p> <ul style="list-style-type: none"> • Portfolio Performance Evaluation • International Diversification • Hedge Funds • Active versus Passive Portfolio management

5. Evaluation components : The evaluation process is divided into three components.

- i) **Mid term : 40%** : You will be typically told in advance when a regular quiz will be given. The faculty also reserves the right to give any number of unannounced “pop” quizzes during the semester. The number of pop quizzes will be negatively related to the class’s level of preparation and participation.

- ii) **Class participation: 20%** This could be comprised of case presentations, attendance, response and overall positive demeanor in class. Your active participation in class is necessary, both for you and for your classmates. Your

participation score will reflect the faculty's assessment of your attendance, your contributions to class discussions, and your overall positive demeanor during class.

- iii) **End term : 40%** : This will be typically on the entire course (pre and post midterm coverage)

GRADING :

An important note about grading:

You will be generally graded relative to your peers and the grade distribution is expected to be approximating a normal distribution. This is designed to help you. However the faculty has the right to pre specify a certain cut off score in the course failing which may invite an F grade in the course.

6. Academic Integrity and Additional issues:

- i) Students involved in academic dishonesty will receive a **ZERO** grade on the particular component in which the violation occurred. Academic dishonesty consists of misrepresentation by deception or by other fraudulent means such as copying or use of unauthorized aids in tests, talking during in-class examinations; aiding another student's dishonesty; and giving false information for the purpose of gaining credits.
- ii) **COMPUTERS and MOBILES IN THE CLASSROOM:** ...are **NOT allowed**. No electronic devices that allow your access to the internet are allowed in the classroom unless specifically asked/permitted by the faculty to do so.