Xavier Institute of Management, Bhubaneswar
XIM UNIVERSITY

Course Name	**Security Analysis and Portfolio Management (SAPM)**
Programme	MBA-BM (II year)
Batch	2024-2025 AY
Term	IV
Credits	3.0
Instructor	Dr. Pratap Chandra Pati

Course Introduction and Objectives

The course is designed to provide a strong theoretical foundation and develop practical aspects of investing and managing portfolios of financial assets, especially equity. Wealth creation through equity investing is more rewarding but riskier as compared to other asset classes. Although this course predominantly focuses on equity investment portfolios, it also covers bond portfolio management. Topics include active mutual funds, index funds, ETFs, Markowitz mean-variance portfolio theory, diversification, portfolio optimization, CAPM, Fama-French 3-factors model, fundamental analysis (E-I-C analysis), absolute and relative equity valuation models, value-growth investing, equity style box, equity portfolio performance evaluation, and bond portfolio management. This course prepares you for careers in equity research, asset management, portfolio management, and consulting. Successful completion of this course will also help in preparing for the CFA Exam.

Course Content

- Investing vs Trading
- Investing in mutual fund, index fund and ETFs.
- Portfolio mathematics and diversification
- Portfolio optimization
- CAPM and Fama-French 3-factor model
- Equity research and fundamental analysis
- Dividend discounted valuation models
- Free-cash flow valuation model
- Relative valuation models
- Value, Growth and GARP investing approach
- Equity segmentation and style box analysis
- Evaluating performance of equity portfolio
- Bond investing and portfolio management

Course Learning Outcomes (CLO)

Upon successful completion of the course, the students should:

- **CLO I:** Understand the role of diversification and demonstrate the ability to invest in financial assets, including stocks, mutual funds, index funds, ETFs, and bonds.
- **CLO II:** Identify fundamentally strong and quality company stocks for long-term wealth creation using industry analysis, equity research, and valuation.
- **CLO III:** Evaluate and monitor the performance of a portfolio.

Reading and References

- Required text-book :
  - ***Investments*** by Bodie, Kane, Marcus and Mohanty (BKMM), McGraw-Hill.
- Additional supplementary reference books:
  - *Modern Portfolio Theory and Investment Analysis*, by Elton et al.
  - *Security Analysis* by Benjamin Graham, David Dodd
  - *The Intelligent Investor* by Benjamin Graham
  - *Investment Valuation* by Aswath Damodaran
- Case Materials: Cases will be distributed in class.
- Students are encouraged to read some of the newspapers related to Indian stock market.
  - MoneyControl, Bloomberg Quint, Livemint, The Economic Times, Business Standard

Pedagogy and Students Workload

Pedagogy includes lectures, classroom exercises, case studies, and project. Students are expected to read through the materials given to them as and when required during the course as well as solve problems/numerical.

Assessment Scheme

Component	**Weightage (%)**	**Assessment of Course Learning Outcome(s) (CLO)**
Class participation	10%	CLO I, CLO II, CLO III
Quizzes (Three)	30%	CLO I, CLO II, CLO III
Individual in-class Assignment	5%	CLO I, CLO II, CLO III
Project submission (Group)	15%	CLO II
End-Term	40%	CLO I, CLO II, CLO III

Session Plan

Session	Topic	Reading

1-3	• Investing process and asset class
	  ○ Investing vs trading
	  ○ Mutual funds, index funds and ETFs
		BKMM Ch.1, 4

3-5	• Portfolio mathematics and diversification
	  ○ Markowitz mean-variance portfolio theory
	  ○ Diversification in portfolio risk management
		BKMM Ch.5

6	• Utility functions and Risk aversion ○ Investor preference and indifference curve	BKMM Ch. 6

7-9	• Portfolio optimization and asset allocation
	  ○ Optimal portfolio between risky & risk-free asset
	  ○ Optimal portfolio allocation with two-risky assets
	  ○ Optimal portfolios with a risk-free & two-risky assets
	  ○ Optimal portfolios with a risk-free & many-risky assets
		BKMM Ch.6,7

10-11	• Asset pricing models
	  ○ Capital Asset Pricing Model
	  ○ Fama-French 3-factors model
		BKMM Ch 9, 10

11-13	• Efficient market hypothesis
	• Equity research and fundamental analysis
	  ○ Macro economy analysis
	  ○ Industry analysis
	  ○ Company analysis
		BKMM Ch.11, 17

14-15	• Equity valuation models
	  ○ Dividend discounted valuation models
	  ○ Free-cash flow (FCFF & FCFE) valuation models
		BKMM Ch.18, 19

16-17	• Relative valuation multiples: P/E, P/BV, P/S, EV/EBITDA, PEG
	• Investing approaches
	  ○ Value investing
	  ○ Growth investing
	  ○ GARP investing
	• Equity segmentation and equity style-box analysis
		Ch.19

17-18	• Equity portfolio performance evaluation
	  ○ Portfolio performance measurement
	  ○ Portfolio performance attribution
	  ○ Portfolio performance appraisal
		BKMM Ch.24

19-20	• Bond portfolio management
	  ○ Bond price, measuring yield and return
	  ○ Measuring interest rate risk
	  ○ Portfolio duration and portfolio convexity
		BKMM Ch. 14, 16

Academic Discipline and Integrity

Students are expected to come to class on time. Students are not allowed to use cell phone and electronic devices inside class for non-educational purposes. No interchange of section attendance is permissible. Any plagiarism beyond 20% found in the submission (including reproduction from books, online sources, journals or from peers) will NOT be accepted.

Mapping Course Leaning Outcomes (CLO) with the Program Learning Goals (PLG)

PLG#	Program Learning Goal	Trait	Addressed by Course	
			Yes	No
PLG1	Functional and Business Skills	The students will demonstrate understanding of elements of all functional areas	✓	
PLG2	Analytical Skills	The students will use analytical techniques to identify a business problem, and suggest a solution	✓	
PLG3	Collaboration and teamwork attributes	The students will exhibit voluntary cooperation and effective teamwork in a group setting	✓	
PLG4	Ethical Responsibility	The students will understand the ethical complexities of conducting business. The students will adopt techniques in scenarios involving ethical dilemma and offer resolution	✓	
PLG5	Communication	The students will produce reasonably good quality business documents. The students will become effective and confident communicators	✓	