

SD COLLEGE HOSHIARPUR
DEPARTMENT OF COMMERCE

Class	B.COM (SEMESTER- 6)
Subject Name and Code	Investment Management, BCH-607
Max. Marks and duration of exam.	100 (Theory:80, Internal Assessment:20) and 3 hours
Duration of lecture	45 minutes per day
No. of lectures delivered per week	3 lectures

COURSE OBJECTIVE:

The paper aims at acquainting students with broad overview of investment management, focusing on the application of finance theory to the issue faced by portfolio managers and investors in general. It aims at enabling the students to get theoretical and practical background in the field of investments, financial markets, valuation of investment and different investment strategies. Students will know the characteristics of different financial assets such as money market instruments, bonds, and stocks, and how to buy and sell these assets in financial markets.

UNIT-I

Topic	Teaching Points	Specific Objectives	Methods, Approaches and Techniques	Resources & Reference Books:

<p>Financial System in India – Money Market, Capital Market, Debt Market, Need for correlating these – Bullion Market and Foreign Exchange Market.</p>	<ul style="list-style-type: none"> • Different types of market in India including capital, money and bullion market • Role and functions of these markets • Practical problems of these markets 	<p>To enable the students to know about capital, money and bullion market</p>	<p>Class room teaching with examples.</p> <p>Class Test</p> <p>PPT</p>	<p>Dr. Raganatham M & Madhumathi R. Investment analysis Portfolio management. Person Education, New Delhi.</p> <p>Dr. Bhalla V. K. Investment Management, S. Chand and Company, New Delhi</p> <p>Fisher & Jordan, Security analysis and portfolio management, Prentice Hall of India, New Delhi.</p> <p>Investment Management by Shashi k. Gupta and Arun Mehra, Kalyani Publishers</p>
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<p>Organization and Functioning of Securities Markets in India – Nature and Function, Organizational Structure, Role and Function of Primary Market and Secondary Markets, Type of Market Transactions based upon – Long and Short Orders, Size of Order, Price Limit of Orders, Time limit of orders, Special type of orders and order execution. Margin Trading.</p>	<ul style="list-style-type: none"> • What are securities markets in India • Discuss the nature and scope of Securities market in India • Explain the role of primary and secondary markets in Indian Financial System • Discuss the functioning of primary as well as of secondary market. 	<p>Students will learn the various aspects of primary and secondary market, various types of markets orders depending upon their size price and time period and also Margin trading.</p>	<p>Lecture method of classroom teaching</p> <p>Presentation of Students</p>	<p>Dr. Raganatham M & Madhumathi R. Investment analysis Portfolio management. Person Education, New Delhi.</p> <p>Dr. Bhalla V. K. Investment Management, S. Chand and Company, New Delhi</p> <p>Fisher & Jordan, Security analysis and portfolio management, Prentice Hall of India, New Delhi.</p> <p>Rustagi R. P., Investments Analysis and Portfolio management, Sultan Chand & Sons, New</p>
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				Delhi Investment Management by Shashi k. Gupta and Arun Mehra, Kalyani Publishers
Valuation of Securities – Valuation of Bonds, Valuation of Debentures, Valuation of Preference Shares, Valuation of Equity Shares and Share Valuation: CAPM Model.	<ul style="list-style-type: none"> • What is the valuation of bonds, debentures and different types of shares? • What is CAPM model of valuation? How does CAPM model help in valuation of shares? 	Students will learn the various methods of valuation of bonds , equity and preference shares including CML and SML	Class room teaching with examples Class Test	<p>Dr. Raganatham M & Madhumathi R. Investment analysis Portfolio management. Person Education, New Delhi.</p> <p>Dr.BhallaV.K.Investment Management, S.Chand and Company, New Delhi</p> <p>Fisher & Jordan, Security analysis and portfolio management, Prentice Hall of India, New Delhi.</p>

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Short Answer type Questions

- What do you mean by money market and capital market?
- What do you mean by primary market and secondary market?
- What is margin trading?
- How can you differentiate between bond and equity?
- What is CAPM model? Explain.

Long Answer type Questions

- Explain components of money market.
- What do you mean by primary market and secondary market? Explain functions of Secondary Market.
- Give various models for valuation of options.
- Give a detailed account of special type of orders and their order execution.
- Discuss the functioning of foreign exchange market.

UNIT-II

<p>Market Indices – Concept, Method of Computing India’s Leading Stock Indices, and Overview of various Benchmark Indices, Market capitalization Indices, Sectoral Indices and Broad market Indices.</p>	<ul style="list-style-type: none"> • Need of indexing • Methods of calculation of various indices in India • Types of indices 	<p>Students will learn the Concept, types and Methods of Computing India’s Leading Stock Indices.</p>	<p>Class room teaching with examples</p> <p>Practical examples from Stock market indices of India</p> <p>PPT</p>	<p>Dr. Raganatham M & Madhumathi R. Investment analysis Portfolio management. Person Education, New Delhi.</p> <p>Dr. Bhalla V. K. Investment Management, S. Chand and Company, New Delhi</p> <p>Fisher & Jordan, Security analysis and portfolio management, Prentice Hall of India, New Delhi.</p> <p>Investment Management by Shashi k. Gupta and Arun Mehra, Kalyani</p>
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<p>Security Credit Rating – Introduction, Factors Affecting Assigned Ratings, Credit Rating Agencies in India, Functions, Approaches and Framework Used and Business Models, Benefits of Credit Rating, Regulatory Concerns</p>	<ul style="list-style-type: none"> • What are credit rating agencies? • What is the role and functions of credit rating agencies? • What are various approaches for credit rating? • What are the Benefits of credit rating? • Factors affecting credit rating • Regulatory concerns relating credit rating 	<p>Students will be acquainted with Introduction, Factors Affecting Assigned Ratings, and Credit Rating Agencies in India, Functions, Approaches and Framework Used for credit rating.</p>	<p>Class room teaching with examples Group Discussions Video Lecture</p>	<p>Dr. Raganatham M & Madhumathi R. Investment analysis Portfolio management. Person Education, New Delhi.</p> <p>Dr. Bhalla V. K. Investment Management, S. Chand and Company, New Delhi</p> <p>Fisher & Jordan, Security analysis and portfolio management, Prentice Hall of India, New Delhi.</p> <p>Rustagi R. P., Investments Analysis and Portfolio management, Sultan Chand & Sons, New</p>

				Delhi Investment Management by Shashi k. Gupta and Arun Mehra, Kalyani Publishers
Risk Management Through Derivatives – Introduction to Derivatives Market and Securities, Forward and Future Contracts – Overview, Hedging, Optimal Hedge Ratio, Valuation, Application and Strategies. Options – Overview, Valuation Models and Strategies. Swaps.	<ul style="list-style-type: none"> • Introduction to Derivative/securities markets • Forward and Future Contracts • Hedging • Options • Valuation of hedging and options • Valuation Models and Strategies • Swaps 	The focus is on familiarizing the students with hedging operations by making them aware of various valuation models and strategies being followed for reaching at optimal hedging ratio.	Class room teaching with examples General Discussion	Dr. Raganatham M & Madhumathi R. Investment analysis Portfolio management. Person Education, New Delhi. Dr.BhallaV.K.Investment Management, S.Chand and Company, New Delhi Fisher & Jordan, Security analysis and portfolio management, Prentice Hall of India, New Delhi.

				Investment Management by Shashi k. Gupta and Arun Mehra, Kalyani Publishers
Investing in Alternative Asset Classes – Hedge Funds, Characteristics of a Hedge Fund, Hedge Fund Strategies, Risk Arbitrage Investing, Hedge Fund Performance, Private Equity and Venture Capital.	<ul style="list-style-type: none"> • Introduction to Hedge funds • Characteristics of a Hedge Fund • Hedge Fund Strategies • Hedge Fund Performance • Risk Arbitrage Investing • Equity and Venture Capital. 	To enable the students to understand the importance of hedge funds as an alternative asset	Class room teaching with examples Classroom Assignment	Dr. Raganatham M & Madhumathi R. Investment analysis Portfolio management. Person Education, New Delhi. Dr.BhallaV.K.Investment Management, S.Chand and Company, New Delhi Fisher & Jordan, Security analysis and portfolio management, Prentice Hall of India, New Delhi. Rustagi R.P, Investments

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Short Answer type Questions

- How can you differentiate between bond and equity?
- What do you mean by hedging?
- What is forward contract?
- What do you mean by futures? How is it different from options?
- Explain the main characteristics of a Hedge Fund.

Long Answer type Questions

- Differentiate between future and forward contracts.
- What do you mean by swaps? Give its types.
- What is optimal hedge ratio and how is it calculated? Give a comprehensive detail.
- Explain various tools used by CARE and ICRA for credit ratings.
- Give various models for valuation of options.