

University of Management and Technology

Dr Hasan Murad School of Management (HSM)

Course Outline

Course code.....FN-725.....

Course title: Portfolio Theories and Practices

Program	MS Finance
Credit Hours	3
Duration	30 sessions
Prerequisites	
Resource Person	
Counseling Timing (Room#)	
Contact	

Chairman/Director Programme signature.....

Dean's signature.....

Date.....

Capsule Statement:

Finance and the theory behind finance have now become very important because of the rapid growth of financial markets, the trading volumes and the opportunities available for making profit. One of the important elements in finance theory is about the construction and management of portfolios. The purpose of this course is to study the theory and highlight the essential elements of investment analysis and the empirical evidence relevant to portfolio management. At a basic level, this course focuses on evaluating the performance of your investments by understanding the concept of risk and return. An emphasis is placed on how an investment professional would allocate its funds in hypothetical portfolio. Different techniques and models will be discussed with the participants that should be used as a tool for those interested in becoming professional analyst or researchers in finance. A number of case studies and research articles will be examined to understand the challenges faced in portfolio management. This course should be helpful for those who wish to learn the investment techniques for practical use and those wishing to dig further into the theory of finance.

Learning Objectives

This course is an overview of the basic concepts of investments and the risk / return attached to that investment. The objective of this course is to highlight the elements of investment analysis and the empirical evidence relevant to portfolio management. This

course will enable students understand the critical components of investment and the importance of portfolio theory in investment decision.

Learning Methodology

Class lectures, home assignments, quizzes and presentation by students, Term paper.

Assessments:

All the activities held during the sessions will be graded; the final evaluation for the course will be as follows:

Assignment	10%
Quizzes	10%
Presentation	10%
Term Paper	10%
Mid-Term	20%
Class Participation	05%
Final	35%

Course Text Book:

1. Investment Analysis and Portfolio Management *by Reilly and Brown (Seventh Edition)*

Reference Text Books:

1. Investments: Analysis and Management *by Charles P. Jones (Latest Edition)*
2. Investment Analysis and Portfolio Management *by Ranganatham and Madhumathi (2007)*
3. Security Analysis and Portfolio Management *by Fischer Donald and Jordan, Ronald J.(2006)*

Calendar of Activities

Session	Topic	Contents	Activities
1&2	Introduction to Investment & Portfolio	<ul style="list-style-type: none"> • Investment decision process • Financial Markets and its types • Fundamental & Technical Analysis • Types of Securities • Portfolio Theory 	Article 1
3&4	Stock Market Anomalies	<ul style="list-style-type: none"> • Stock Market Index • Upper and lower caps • Dividend effects: Ex-div, Cum-div • IPO's • Right and bonus shares 	Handouts & Articles
5&6	Investment Process	<ul style="list-style-type: none"> • Individual Investor Life cycle • Policy Statement • Investment Objectives & Constraints • Asset allocation decision 	Handouts & Articles
7&8	Risk & Return (Individual Security)	<ul style="list-style-type: none"> • Components of Return • Risks and its types • Managing and diversifying risk • Measuring Return & Risk for Securities • Comparative Analysis 	Practice Questions and Research Articles

9&10	Valuation & Analysis	<ul style="list-style-type: none"> • Passive & Active Strategies • Equity Valuation & Analysis • Stock Market investments • Sector & Industry Analysis • Efficient Market Hypothesis • Mechanism of Trading • Margins & Short Selling 	Handouts & Articles
11&12	Portfolio Investments	<ul style="list-style-type: none"> • Portfolio's and its types • Selection of portfolio • Portfolio theories and application • Building efficient portfolio's • Multi-securities portfolio's 	Handouts & Articles
13&14	Risk & Return (Portfolio's)	<ul style="list-style-type: none"> • Calculating Returns of Portfolio's • Measuring Risk • Correlation • Various Models, Calculation & Comparative analysis of Risk & Return 	Questions & Research Articles
15&16	Mid term		
17&18	Portfolio Selection	<ul style="list-style-type: none"> • Efficient Market theory • Forms of Efficient market: its empirical analysis • Random walk theory • Portfolio Risk & Return • Significance of Beta in a portfolio 	Questions & Research Articles
19&20	Portfolio Analysis	<ul style="list-style-type: none"> • Risk and Investor Preferences • Types of Risk: Systematic & Unsystematic • Sharpe Portfolio Optimization • Traditional Portfolio Selection 	Questions & Research Articles

21&22	Capital Asset Pricing Model	<ul style="list-style-type: none"> • Capital Market theory • Assumptions of CAPM • Testing of CAPM • Arbitrage Pricing Theory 	Questions & Research Articles
23&24	Evaluating Portfolio Performance	<ul style="list-style-type: none"> • How to evaluate Performance • Risk-adjusted performance measures • Monitoring performance • Performance Attributes • Problems with Portfolio Performance 	Questions & Research Articles
25&26	Evaluating Portfolio Performance	<ul style="list-style-type: none"> • Performance Index • Sharpe's Performance measure • Treynor's Performance measure • Jensen's Performance measure 	Questions & Research Articles
27&28	Mutual Fund Investment	<ul style="list-style-type: none"> • Open & Close end Mutual funds • Different types of mutual funds • Benefits of investing in Mutual funds • Fund's Portfolio and their evaluation 	Handouts & Articles
29&30		<ul style="list-style-type: none"> • Term Paper Presentation 	
Final Exam			

Journals:

Journal of Business Finance and Accounting

Journal of Corporate Finance

Journal of Economics and Finance

Journal of Finance

Journal of Financial Markets

Journal of Financial Planning

Journal of Financial Research

Journal of International Financial Management and Accounting

Journal of International Financial Markets, Institutions & Money

Journal of International Money and Finance

Journal of Investment Management