



FIN 31313: Investment Analysis and Portfolio Management-I

Level: 3000

Number of Credits : 03

Course Description

This course provides knowledge on investment analysis and portfolio concepts, theories, and techniques and their applications for a business in maximizing shareholder wealth. It further discusses concepts relating to efficient market hypothesis required for making investment and portfolio decisions.

Intended Learning Outcomes

At the end of the course, the student will be able to;

- Explain concepts, theories and techniques relating to investment and portfolio management,
- Describe the investment environment, the elements of investment and investment opportunities available in the market,
- Apply portfolio theories and principles in forming investment portfolios,
- Discuss the unpredictable nature of security price movements.

Teaching/Learning Methodology

Lectures, Tutorial Classes,

Methods of Assessment

In-course Assessments : 30%
End Semester Examination : 70%

Course Contents

1. Introduction to investment and portfolio management
Real assets vs. financial assets, financial markets and the economy, assets classes and financial instruments, investment process
2. Securities markets
Issuing securities, types of markets, trading costs, buying on margin, short sales,
3. Mutual funds and other investment companies
Types of investment companies, mutual funds, costs of investing in mutual funds, mutual fund investment performance
4. Risk and return
Expected rate of return, risk and risk premiums, inflation and real rates of return, asset allocation across risky and risk-free portfolios
5. Diversification of investment
Diversification and portfolio risk, portfolio of risk free assets and risky assets, portfolio of multiple risky assets, and optimum portfolio
6. Asset pricing models
Capital asset pricing model (CAPM), factor models, multifactor models, arbitrage pricing theory, security market line, and capital market line

7. Market efficiency
Efficient market hypothesis and its implications, market anomalies, analyst performance

Recommended Readings

1. Bodie, Kane and Marcus (2016), “Essentials of Investments”, Seventh edition, Irwin/McGraw-Hill.
2. Elton and Gruber (2014), “Modern portfolio theory and investment analysis”, Seventh edition, John Wiley & Sons, Inc.
3. Fozzoli, Frank J., (2014), Investment Management, Fifth Edition, Prentice Hall, Inc.