

(Applicable to the batch of students admitted in the academic year 2016-17 and onwards)

M.Com. (CBCS)

FACULTY OF COMMERCE, OU

**SEMESTER II: SPECIALISATION : NANCE /ACCOUNTING /TAXATION/  
INTERNATIONAL BUSINESS/INSURANCE/BANKING**

**INVESTMENT MANAGEMENT**

PAPER CODE: COM 9 F/A/T//IB/I/B

Total Marks: 80+15+05=100

THPW: 5 ; Credits 5

ESED: 3 HRS

OBJECTIVE: *To familiarize the student with the principles and practice of Investment Management and acquaint the students with the functioning of the Indian Capital Market.*

**UNIT-I : INTRODUCTION: \_**

**Investment:** Meaning – Characteristics – Importance – Objectives – Factors of Sound Investment – Investment Environment – Investment Media – Principles of Investment – Speculation – Gambling – Investment Process (Theory).

**Financial Assets:** Meaning – Classification – Shares – Debentures – Bonds – Innovative Financial Assets- Properties of Financial Assets (Theory).

**UNIT-II: INDIAN CAPITAL MARKETS - AN OVERVIEW:**

**Primary Market:** Meaning – Growth and Development – Role of NIM – Methods of Issues – Parties Involved – Allotment Process – Investor Protection – Recent Trends (Theory).

**Secondary Market:** Meaning – History – Functions – Regulatory Framework – Listing and Delisting of Securities – Trading Procedure – Stock Exchanges in India – Growth of Stock Exchanges in India – SEBI – Its Functions and Role (Theory).

**UNIT-III: RISK AND RETURN ANALYSIS:**

**Return:** Meaning – Holding Period Return – Equivalent Annual Return – Expected Value of Return – Measuring Returns from Historical Data – Measuring Average Returns over Multiple Period – Arithmetic Average – Geometric Average – Rupee Weighted Average Return (Including Problems).

**Risk:** Meaning – Sources of Risk – Market Risk – Interest Risk – Interest Rate Risk – Purchasing Power Risk – Business Risk – Financial Risk – Types of Risk – Systematic Risk – Unsystematic Risk – Risk Aversion and Risk Premium – Measurement of Risk – Range as a Measure of Risk – Standard Deviation as a Measure of Risk –  $\beta$  as a Measure of Risk (Including Problems).

**UNIT-IV: PORTFOLIO ANALYSIS:**

**Portfolio Analysis:** Meaning – Traditional Vs Modern Portfolio Analysis – Return on Portfolio – Risk on Portfolio – Diversification of Investments – Reduction of Portfolio Risk through Diversification – Security Returns Perfectly Positively Correlated – Security Returns Perfectly Negatively Correlated – Security Returns Uncorrelated (Including Problems)

**Markowitz Model:** Assumptions – Parameters – Effect of Combining Two Securities – Interactive Risk Through Covariance – Coefficient of Correlation – Change in Portfolio Proportions – Concept of Dominance – Limitations of Markowitz Model (Including Problems).

**UNIT-V: PORTFOLIO SELECTION:**

**Portfolio Selection:** Meaning – Feasible Set of Portfolios – Efficient Set of Portfolios Selection of Optimal Portfolios (Including problems).

**Sharpe Single Index Model:** Measuring Security Return and Risk – Measuring Portfolio Return and Risk – Multi Index Model (Including Problems).

**SUGGESTED READINGS:**

- 1.Agarwal: A Guide to Indian Capital Market, New Delhi .,
- 2.Avadhani, V.A: Indian Capital Markets, Himalaya
- 3.Mayo: Investments, 7e Thomson.,
- 4.Bhalla, V.K: Investment Management. S. Chand & Co.,
- 5.Reilly: Investment Analysis and Portfolio Management, Thomson.,
- 6.Kevin, S: Security Analysis Portfolio Management, PHI
- 7.Fabozzi, Frank J: Investment Management, Prentice Hall.,
- 8.Fischer, Donald, E. and Ronald, J.Jordan: Security Analysis & Portfolio Management, PHI.,
- 9.Strong: Portfolio Construction and Management, PHI.,
- 10.Sharpe etal: Investments, PHI.,
- 11.Machi Raju, H.R: Working of Stock Exchanges in India: Wiley Eastern Ltd
- 12.Preeti Singh: Investment Management, Himalaya.,
- 13.Sulochana, M: Depository System - Problems & Prospects, Kalyani.,
- 14.Sulochana, M: Investment Management, Kalyani.,
- 15.Shashi K. Gupta and Rosy Joshi: Security Analysis and Portfolio Management, Kalyani.,
- 16.Gnagadhar V. And G. Ramesh Babu: Investment Management, Anmol.