203 PORTFOLIO MANAGEMENT

(3 CREDITS)

This course aims at helping the students develop an intellectual framework for management of portfolios using advanced techniques and theories of science of investment and also providing with complete understanding in construction of Portfolios

MODULE ONE: **Introduction to Portfolio Management:** **(15)**

UNIT ONE: The Investment Process Definition of Investments Investment Categories. Defining Investment Objectives - Risk and Investor Preferences - Investment Constraints - Investment Goals and Constraints for Institutional Investor.

UNIT TWO: Asset Allocation :Process, types of asset allocation, management style, different approaches to allocation decision, and overview of allocation techniques.

UNIT THREE: Portfolio Management Strategies: Passive Strategy - Duration Shift and Immunization Semi-Active Strategy - Active Strategies.

UNIT FOUR: Portfolio Management Strategies: Efficient Market Hypothesis - Passive vs Active Management Strategies - Types of Passive Portfolios: Index Funds - Customized Funds - Factor/Style Funds - Styles of Active Management - Active Management Strategies: Top Down - Bottom-up - Combining Active and Passive - Active/Core Portfolios - Active/ Completeness Fund Portfolios.

MODULE TWO: PORTFOLIO ANALYSIS, REVISION SELECTION AND PERFORMANCE EVOLUTION (15)

UNIT ONE: Analysis: Diversification, Portfolio Risk and Return - Single-Index Model - The Sharpe Index Model - Portfolio Beta - Generating the Efficient Frontier.

UNIT TWO: Selection:. Markowitz Risk-return Optimization, concept of utility, Sharpe optimization model - Other portfolio selection models- Geometric Mean Model, Safety First Model and Stochastic *Dominance* Model.

UNIT THREE: Capital Market Theory: The Capital Asset Pricing Model - Security Market Line - Applications of the Security Market Line - Ex-Post and Ex-ante SMLs - Non Standard Forms of CAPM - Zero-Beta CAPM - Tax Adjusted CAPM - Empirical Evidence of Capital Asset Pricing Model - Arbitrage Pricing Theory.

MODULE THREE: PORTFOLIO REVISION AND PERFORMANCE MEASUREMENT (15)

UNIT ONE: Revision: Portfolio Rebalancing, Portfolio Upgrading, Investment Timing, Formula Plans: Constant Dollar Value Plan, Constant Ratio Plan, Variable Ratio Plan, Selection and Revision of Equity Portfolios.

UNIT TWO: Managed Portfolios and Performance Measurement: Classification of Managed Portfolios and Typical Examples - Advantages of Managed Portfolios - Management Performance Evaluation - Methods for Calculating Rate of Return: Money Weighted Rate of Return - Time Weighted Rate of Return - Linked Internal Rate of Return - Buying the Index Approach - Components of Investment Performance - Market Timing Issues in Risk Adjusted Performance Measures - Sharpe's - Treynor's - Jensen's performance Measure for Portfolios.

UNIT THREE: Applications of Index Futures in Portfolio Management: Pricing of Index Futures Contracts - Stock Index Arbitrage -Applications of Index Futures - Beta Management.

UNIT FOUR: Portfolio Management Schemes: Types of Portfolio Management Schemes - Features of PortfolioManagement Schemes - SEBI Guidelines on Portfolio Management.

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Security Analysis and Portfolio Management. 6th e Fischer, Donald E / Jordan, Ronald J. Prentice- Hall, India

Investment Analysis and Management, 6th e Sharpe et al. Prentice Hall India - 1998

Fundamentals of Investment Hirt, Geoffrey A / Block, Stanley.

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Intelligent Stock Market Investing Yasaswy, N J. Vision Books Pvt. Ltd - 2008

Portfolio Management: Theory & Applications, 2nd e Farrell, James L. zIrwin/McGraw-Hill

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Raghunathan, V. Tata McGraw-Hill Mastering Mutual Funds Kulshreshtha, C M. Vision Books Pvt. Ltd.

Essentials of Investments, 3rd e Bodie, Zvi et al. Irwin/McGraw-Hill

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• William F. Sharpe, Gordon J.Alexander and Jeffery V.Bailey, Investments, 6th edition, Prentice Hall, 2006.

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• Prasanna Chandra, Investment Analysis and Portfolio Management, 3/e Tata McGraw-Hill Publishing Co. Ltd. New Delhi, 2006.

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