



**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA**  
**PGDM (SM); TRIMESTER V, 2018-20 Batch, ACADEMIC YEAR 2019-20**

Course Code and title	<b>S/M/FIN504; Equity Research</b>
Credits	3
Term and Year	V Term; AY 2019-2020
Course Pre-requisite(s)	Student must have successfully completed the fundamental and core finance courses
Course Requirement(s)	Knowledge of Excel
Course Schedule (day and time of class)	As per time table
Classroom # (Location)	204
Course Instructor	A K Puri
Course Instructor Email	ak.puri@jaipuria.ac.in
Course Instructor Phone (Office)	334
Student Consultation Hours	Weekdays 2p.m. to 4 p.m.
Office location	Ist Floor Faculty cabins

### **1. Course Overview**

For most of your life, you will be earning and spending money. Rarely, though, will your current money income exactly balance with your consumption desires. Sometimes, you may have more money than you want to spend, at other times, you may want to purchase more than you can afford. These imbalances will lead you either to borrow or to save to maximize the long run benefits from your income. When current income exceeds current consumption desires, people tend to save the excess. They can do any of the several things with these savings. One possibility is that they can give up the immediate possession of these savings for a future larger amount of money that will be available for future consumption. This trade off of present consumption for a higher level of future consumption is the reason for saving. What you do with the savings to make them increase over time is investment. Investment is the current commitment of money or other resources in the expectation of reaping future benefits. Before introducing the concept of Investment there is a need to understand the concept of financial assets, their importance in the economy and contrast them with real assets. There is, therefore a need to discuss types of investment decisions that an investor confront given the kind of investment environment which exists. These investment decisions are made in an environment where higher return is obtained only at the price of greater risk and in which it is rare to find assets that are so mispriced as to be obvious bargains. These themes-the risk-return tradeoff and the efficient pricing of financial assets are central to the investment process. It provides an indepth appreciation and understanding of the

issues, challenges and complexities an investor faces in deciding where to invest the investable money.

The objective of this course is to introduce participants to tools and techniques that address these challenges with respect to equities (stock) and debt securities as an asset class. The course also provides students the opportunity to work with these tools and apply these strategies to solve real-life investment problems. The course will help students to develop themselves as Investment Manager, Finance Analyst or Investment Trader who can evaluate risk and return of various securities and portfolios to help clients.

## 2. Course Learning Outcomes (CLO)

At the end of the course, the students should be able to:

CLO1-Distinguish between various capital markets and its related instruments.

CLO2-Explain the mechanism of security transactions.

CLO3-Apply theories of portfolio management for optimal investment decisions.

CLO4-Analyze common stocks and bonds for investment.

CLO5-Evaluate the performance of portfolios

## 3. Mapping of CLOs with PLOs and GAs

	<b>PLO-1</b> Communicate effectively and display interpersonal skills	<b>PLO-2</b> Demonstrate Leadership and Teamwork towards achievement of organizational goals	<b>PLO-3</b> Apply relevant conceptual frameworks for effective decision-making	<b>PLO-4</b> Develop an entrepreneurial mindset for optimal business solutions	<b>PLO-5</b> Evaluate the relationship between business environment and organizations	<b>PLO 6</b> Demonstrate sustainable and ethical business practices	<b>PLO-7</b> Leverage technologies for business decisions	<b>PLO-8</b> Demonstrate capability as an Independent learner
<b>CLO1</b> Distinguish between various capital markets and its related instruments								
<b>CLO2</b> Explain the mechanism of security transactions.								

<b>CLO3</b> Apply theories of portfolio management for optimal investment decisions			X (High)		X (Low)			
<b>CLO4</b> Analyze common stocks and bonds for investment.			X (Moderate)		X (Low)			
<b>CLO5</b> Evaluate the performance of portfolios								

	<b>GA 1</b> Selfinitiative	<b>GA 2</b> Deep discipline knowledge	<b>GA 3</b> Critical thinking and Problem solving	<b>GA 4</b> Humility, Team-Building and Leadership Skills	<b>GA 5</b> Open and Clear Communication	<b>GA 6</b> Global outlook	<b>GA 7</b> Ethical competency and sustainable mindset	<b>GA 8</b> Entrepreneurial and innovative
<b>CLO 1</b>								
<b>CLO 2</b>								
<b>CLO 3</b>		X	X					
<b>CLO 4</b>		X	X					
<b>CLO 5</b>								

#### 4. Text Book and Resources

##### **Text Book**

Investments (Tenth Edition)-Zvi Bodie, Alex Kane, Alan J. Marcus, and Pitabas Mohanty (Tata McGraw-Hill Publication, 2015)

##### **References**

1. Investment Analysis and Portfolio Management (Fifth Edition) - Prasanna Chandra (Tata McGraw-Hill Publication)
2. Fundamentals of Financial Instruments- An Introduction to Stocks, Bonds, Foreign Exchange and Derivatives-Sunil Parameswaran (Wiley, 2011)

3. Security Analysis and Portfolio Management- (Second Edition) - M.Ranganatham & R. Madhumathi (Pearson, 2012)
4. Investment Analysis & Portfolio Management-(Tenth Edition)-Reilly/Brown-(Cengage Learning)
5. Investments-William F.Sharpe, Gordon J. Alexander and Jeffery V.Bailey (Sixth Edition, 2008) (PHI)

Web Resources-

<https://www.valueresearchonline.com/>

<http://www.moneycontrol.com/>

<http://www.bseindia.com/> <https://nseindia.com/>

<http://www.topstockresearch.com/>

<https://www.equitymaster.com/>

<http://www.moneyworks4me.com/>

<https://in.finance.yahoo.com/>

## 6. Assessment Task Description

Assessment Item	Description	Weightage	CLO
Project Assignment	<ul style="list-style-type: none"> <li>• Student Groups would be required to build an optimum complete portfolio using Excel.</li> <li>• Group Assessment: Written</li> <li>• Submission After 22nd session</li> <li>• Pre/In/beyond class: Beyond class</li> <li>• Feedback: Through rubrics and counselling as required.</li> </ul>	20%	CLO3 & CLO4
Quiz	<ul style="list-style-type: none"> <li>• One quiz with multiple choice questions. Question bank of minimum 20 questions to be created for a quiz of 10 questions.</li> <li>• Individual assessment: Moodle based.</li> <li>• After 2<sup>nd</sup> session</li> <li>• Pre/In/beyond class: Beyond class</li> <li>• Feedback: Moodle grades</li> </ul>	10%	CLO1

Investment Simulation Game	<ul style="list-style-type: none"> <li>• All students are to participate in online investment simulation game</li> <li>• Individual Assessment: Online Trading</li> <li>• Report Submission After 18th session (specific date will be communicated to students)</li> <li>• Portfolio Creation (Duration)- 1.5 Month</li> <li>• Pre/In/beyond class: Beyond class</li> <li>• Feedback : Individual</li> </ul>	10%	CLO2
Mid-Term Examination	<input type="checkbox"/> Description: Conceptual and application based questions. The paper would comprise questions which are: 20% basic, 50% intermediate and 30% advanced level.	20%	CLO3
	<input type="checkbox"/> As per schedule <input type="checkbox"/> Coverage- Till 12 Sessions <input type="checkbox"/> Feedback: Showing of assessed answer sheets.		
End Term Examination	<input type="checkbox"/> Description: Conceptual and application based questions. The paper would comprise questions which are: 20% basic, 50% intermediate and 30% advanced level. As per schedule <input type="checkbox"/> Feedback: Showing of assessed answer sheets.	40%	CLO4 & CLO5

## 7. Session Plan

Session	Topic/Sub Topic	Reading Reference	Pedagogy	Session Learning Outcomes	CLO
<b>Module1: Introduction to Investment</b>					
1	The Investment Environment-Asset classes and financial instruments	Ch.1, Pg. 1-16 Ch.2, Pg. 34-51	Video, Class Discussion	At the end of session, the student will be able to familiarize themselves with the investment process and the various capital markets and its related instruments.	1
2	The Investment Environment-Asset classes and financial instruments (Cont.)	Ch.1, Pg. 1-16 Ch.2, Pg. 34-51	Video, Class Discussion	At the end of session, the student will be able to familiarize themselves with the investment process and the various capital markets and its related instruments.	1
3	How Securities are Traded- Understanding the mechanism of security trading		Guest Session	At the end of session, the student will be able to explain how securities are traded.	2
<b>Module 2: Portfolio Theory and Practice</b>					
4	<ul style="list-style-type: none"> <li>• Risk &amp; Return</li> <li>• Risk Aversion &amp; Utility Values</li> </ul>	Ch.5, Pg.126-145 Ch.6, Pg. 178183	Class Discussion, Numerical Exercise	At the end of session, the student will be able to □ Understand and	3

				<p>measure Return and Risk. (Recap)</p> <ul style="list-style-type: none"> <li>• Compute Portfolio Variance and Standard Deviation. (Recap)</li> <li>• Differentiate between Variance, Covariance and Coefficient of Correlation. (Recap)</li> <li>• Define the concept of Risk Averseness and maximization of utility as Investment objective.</li> </ul>	
5	Portfolio of one Risky Asset and a Risk free Asset	Ch.6, Pg. 184200	Class Discussion, Numerical Exercise	At the end of session, the student will be able to derive optimal portfolio and capital allocation line.	3
6	Risk Tolerance and Capital Allocation; Passive Strategies: The Capital Market Line	Ch.6, Pg. 184200	Class Discussion, Numerical Exercise	At the end of session, the student will be able to optimize portfolio by maximizing utility and appropriate capital allocation.	3
7	Diversification and Portfolio Risk; The Markowitz Portfolio Selection Model	Ch.7, Pg. 216239	Class Discussion, Numerical Exercise	At the end of session, the student will be able to derive efficient frontier using Markowitz approach.	3
8	Building Optimal Risky portfolio	Ch.7, Pg. 256260	Class Discussion, Numerical Exercise	At the end of session, the student will be able to construct a risky portfolio by maximizing the reward to volatility Ratio.	3
9	Spreadsheet Model for Efficient Diversification	Excel working Handouts	Use of Excel	At the end of session, the student will be able to create optimal portfolio using excel.	3

10	Capital Asset Pricing Model (CAPM)	Ch. 9, Pg. 304-319	Class Discussion,	At the end of session, the student will be	3
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			Numerical Exercise	able to <ul style="list-style-type: none"> <li>• Explain CAPM and its implication on Portfolio Management.</li> <li>• Differentiate between Capital Market Line &amp; Security Market Line.</li> </ul>	
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11	Arbitrage Pricing Theory(APT) and Multi Index Models (Part-I)	Ch. 10, Pg. 338-355	Class Discussion, Numerical Exercise,	At the end of session, the student will be able to <ul style="list-style-type: none"> <li>• Explain how the process of Arbitrage works</li> <li>• Provide an overview on Multi Factor Model</li> </ul>	3
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12	Arbitrage Pricing Theory(APT) and Multi Index Models (Part-II)	Ch. 10, Pg. 338-355	Class Discussion, Numerical Exercise,	At the end of session, the student will be able to compare the CAPM and APT.	3
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Mid Term Examination



<b>Module-3: Security Analysis &amp; Valuation</b>					
13	Fixed Income Securities- Bond Prices & Yield	Ch.14, Pg. 462-487	Class Discussion, Numerical Exercise	At the end of session, the student will be able to <ul style="list-style-type: none"> <li>• Estimate the Price of the bond</li> <li>• Calculate various measures of bond yield.</li> <li>• Show how the bond price vary in response to interest rate changes.</li> <li>• Identify the risk in bonds</li> <li>• Analyze the factors that determine the interest rates.</li> </ul>	4
14	Fixed Income Securities-	Ch.14, Pg. 462-487	Class Discussion,	At the end of session, the student will be able to	
	Bond Prices & Yield (Cont.)		Numerical Exercise	<ul style="list-style-type: none"> <li>• Estimate the Price of the bond</li> <li>• Calculate various measures of bond yield.</li> <li>• Show how the bond price vary in response to interest rate changes.</li> <li>• Identify the risk in bonds</li> <li>• Analyze the factors that determine the interest rates.</li> </ul>	

15	Bond Portfolio Management	Ch.16, Pg.533-562		At the end of session, the student will be able to <ul style="list-style-type: none"> <li>• Understand the sensitivity of bond prices to changes in market rates.</li> <li>• Explain the concept of duration and describe the properties of duration.</li> <li>• Discuss the passive and active strategies of bond portfolio management</li> </ul>	
16	Bond Portfolio Management (Cont.)	Ch.16, Pg.533-562		At the end of session, the student will be able to <ul style="list-style-type: none"> <li>• Understand the sensitivity of bond prices to changes in market rates.</li> <li>• Explain the concept of duration and describe the</li> </ul>	

				<p>properties of duration.</p> <p>□ Discuss the passive and active strategies of bond portfolio management</p>	
17	Equity-Fundamental Analysis: Economic Industry Company Analysis (EIC)	Ch.17, Pg. 576-600	Class Discussion, Numerical Exercise	At the end of session, the student will be able to describe the EIC Approach to understand the risk factors and behavior of stock prices.	4

18	Equity Valuation Models	Ch 18, Pg.611-641	Discussion, Numerical Exercise	At the end of session, the student will be able to describe the valuation models that stock market analysts use to uncover mispriced securities	4
19	Financial Analysis	Ch. 19 Pg.661-678	Class Discussion, Numerical Exercise, Use of Online Platform	At the end of session, the student will be able to <ul style="list-style-type: none"> <li>• Demonstrate how the problem of scales in inter-firm and intra firm comparisons can be taken care of by using the standardized financial Statements.</li> <li>• Use Ratio Analysis as a tool of measuring performance and drawing conclusions</li> <li>• Analyzing the interlinkages between the ratios through the Du Pont analysis framework.</li> </ul>	4
20	Technical Analysis	Ch.12, Pg. 414-421 Handouts	Class Discussion,	At the end of session, the student will be able to	4

			Numerical Exercise, Use of Online Platform	<ul style="list-style-type: none"> <li>• Differentiate between Fundamental &amp; Technical Analysis</li> <li>• Highlight the sentimental dimensions of Investment</li> <li>• Measure the intensity and extent of sentiments of the market</li> </ul>	
21	Technical Analysis (Cont.)	Ch.12, Pg 414-421 Handouts	Class Discussion, Numerical Exercise, Use of Online Platform	<p>At the end of session, the student will be able to</p> <ul style="list-style-type: none"> <li>• Understand the support &amp; resistance level and methods of determining it.</li> <li>• Describe the various Chart patterns.</li> <li>• Describe and use the various price patterns</li> </ul>	4
22	Technical Analysis (Cont.)	Handouts	Class Discussion, Numerical Exercise, Use of Online Platform	<p>At the end of session, the student will be able to</p> <ul style="list-style-type: none"> <li>• Highlight the advantages on moving averages and their application</li> <li>• Comprehend the meaning of oscillators.</li> </ul>	4
<b>Module-4: Security Applied Portfolio Management</b>					
23	Portfolio Performance Evaluation	Ch.24, Pg.864-880	Discussion, Numerical Exercise	<p>At the end of session, the student will be able to understand and apply various techniques of judging portfolio performance.</p>	5

24	Portfolio Performance Evaluation	Ch.24, Pg.864-880	Discussion, Numerical Exercise	At the end of session, the student will be able to understand and apply various techniques of	5
				judging portfolio performance.	
End Term Exams					

**Instructions:**

- Students will be expected to maintain a daily log of their learning and make an action plan. The continuous evaluation tools would be implemented as per schedule and collected for evaluation.
- Students are encouraged to visit videos available on Impartus, you tube etc.
- Students will be expected to go through the annual reports of the companies chosen by them for their project work.

**Time budgeting in course planning:**

The table below is an example of the suggested time allocations for this course.

Classes	2-3 hours per week for 12 weeks	30 hours
Reading	Prescribed readings and making notes	20 hours
Preparation of set questions, exercises and problems	Provided in the book	20 hours
Preparation of Project (including the Viva)	Analyzing and writing	20 hours
Study and revision for test and end of Trimester examination	Self-preparations	15 hours
<b>TOTAL</b>		<b>105 hours</b>

## RUBRICS FOR ASSESSMENT COMPONENT

### RUBRICS FOR QUIZ 1 (10 Marks)

CLO1-Distinguish between various capital markets and its related instruments.

Criteria	Below Expectation	Meet Expectation	Exceed Expectation
	Less than 4 Marks	Marks 4-6	Marks 7 – 10
Demonstrate the level of understanding of concepts learned.	A very few of the concepts are clear and understood by student	Some of concepts are clear and understood by student.	Most of concepts are clear and understood by the student.

### RUBRICS FOR INVESTMENT SIMULATION GAME (10 Marks)

CLO2-Explain the mechanism of security transactions.

Criteria	Below Expectation	Meet Expectation	Exceed Expectation
	Less than 4 Marks	Marks 4-6	Marks 7 – 10
Simulate Trading Strategy	The student is able to learn and hone few of the trading strategies	The student is able to learn and hone some of the trading strategies	The student is able to learn and hone most of the trading strategies

### RUBRICS FOR MID TERM (20 Marks)

CLO3-Apply theories of portfolio management for optimal investment decisions.

Criteria	Below Expectation	Meet Expectation	Exceed Expectation
	Less than 7 Marks	Marks 7-15	More than 15 Marks
Ability to apply theories of portfolio management for optimal investment decisions.	Is somewhat able to assess and apply the theories of portfolio management	Is mostly able to assess and apply the theories of portfolio management	Is thoroughly able to assess and apply the theories of portfolio management

**RUBRICS FOR END TERM (40 Marks)**

CLO4-Analyze common stocks and bonds for investment.

CLO5-Evaluate the performance of portfolios

<b>Criteria</b>	<b>Below Expectation</b>	<b>Meet Expectation</b>	<b>Exceed Expectation</b>
	Less than 35% Marks	Marks 35%-75%	More than 75% Marks
Analyze common stocks and bonds for investment (75%)	Is somewhat able to do the security analysis	Is mostly able to analyse the securities	Is thoroughly able to analyse the securities
Evaluate the performance of portfolios (25%)	Is somewhat able to evaluate the performance of portfolios	Is mostly able to evaluate the performance of portfolios	Is thoroughly able to evaluate the performance of portfolios

**RUBRICS FOR PROJECT ASSIGNMENT & VIVA VOCE (20 Marks)**

CLO3-Apply theories of portfolio management for optimal investment decisions. CLO4-Analyze common stocks and bonds for investment.

<b>CRITERIA</b>	<b>INADEQUATE</b>	<b>ADEQUATE</b>	<b>ABOVE AVERAGE</b>	<b>ADVANCED</b>
	<b>POINTS 0-24%</b>	<b>POINTS 25%-49%</b>	<b>POINTS 50%-75%</b>	<b>POINTS (Above 75%)</b>
<b>Analytical Ability &amp; Logical Reasoning (Security Analysis) Weightage-7.5 Marks</b>	Poor Analytical Ability & Low Logical Thinking	Adequate Analytical Ability and Average Logical Thinking	Appropriate Analytical Ability and Healthy Logical Thinking	Outstanding Analytical Ability and Exceptional Logical Thinking

<b>Portfolio Formation &amp; Interpretation</b> <b>Weightage-7.5 Marks</b>	Is not able to assess and apply the theories of portfolio management for optimal investment decisions.	Is somewhat able to assess and apply the theories of portfolio management for optimal investment decisions.	Is mostly able to assess and apply the theories of portfolio management for optimal investment decisions.	Is able to assess and apply the theories of portfolio management for optimal investment decisions.
<b>Organisation/Format &amp; Style</b> <b>Weightage-5 Marks</b>	Incoherent flow of the thematic topics offered and fails to follow prescribed format & style	Demonstrates logical flow of the theme/ topics offered. Some points are missing and follows prescribed format to a limited sense	Coherent and specified flow of the theme/ topics offered. Overall unity of ideas	Completely as per defined matrices and clearly leads to logical conclusion and follows prescribed format in detail
		& style is simple.	present and follows prescribed format majorly	

### **Institute's Policy Statements**

The student is required to have a clear comprehension of the specific details included in this document. This course requires a significant commitment in and outside classroom. The learning tasks in this course include class discussions, exercises & problems and self-study. In addition, students are required to complete the various assignments/projects.

### **LMS-Moodle/Impartus**

LMS-Moodle/Impartus is used to host course resources for all courses. Students can download lecture, additional reading materials, and tutorial notes to support class participation.

### **Late Submission**

Assessment tasks submitted after the due date, without prior approval/arrangement, will be not be accepted. Requests for extension of time must be made with the faculty member concerned and based on Special Consideration guidelines.



### **Plagiarism**

Plagiarism is looked at as the presentation of the expressed thought or work of another person as though it is one's own without properly acknowledging that person.

Cases of plagiarism will be dealt with according to Plagiarism Policy of the institute. It is advisable that students should read Section .... Of Student Handbook for detailed guidelines. It is also advisable that students must not allow other students to copy their work and must take care to safeguard against this happening. In cases of copying, normally all students involved will be penalized equally; an exception can be made if a student can demonstrate the work as their own and reasonable care was exercised to safeguard against copying.