

SYLLABUS

PUNJAB UNIVERSITY

B.Com Honours 6th Semester

BCH 607 : INVESTMENT MANAGEMENT

Objective and expected outcome of the course : This course provides a broad overview of investment management, focusing on the application of finance theory to the issue faced by portfolio managers and investors in general. It aims at enabling the students to get theoretical and practical background in the field of investments, financial markets, valuation of investment and different investment strategies. Students will know the characteristics of different financial assets such as money market instruments, bonds, and stocks, and how to buy and sell these assets in financial markets.

Unit - I Introduction to Investment Management

Financial System in India – Money Market, Capital Market, Debt Market, Need for correlating these – Bullion Market and Foreign Exchange Market.

Organization and Functioning of Securities Markets in India – Nature and Function, Organizational Structure, Role and Function of Primary Market and Secondary Markets, Type of Market Transactions based upon – Long and Short Orders, Size of Order, Price Limit of Orders, Time limit of orders, Special type of orders and order execution. Margin Trading.

Valuation of Securities – Valuation of Bonds, Valuation of Debentures, Valuation of Preference Shares, Valuation of Equity Shares and Share Valuation: CAPM Model.

UNIT - II

Market Indices – Concept, Method of Computing India's Leading Stock Indices, Overview of various Benchmark Indices, Market capitalization Indices, Sectoral Indices and Broad market Indices.

Security Credit Rating – Introduction, Factors Affecting Assigned Ratings, Credit Rating Agencies in India, Functions, Approaches and Framework Used and Business Models, Benefits of Credit Rating, Regulatory Concerns.

Risk Management Through Derivatives – Introduction to Derivatives Market and Securities, Forward and Future Contracts – Overview, Hedging, Optimal Hedge Ratio, Valuation, Application and Strategies. Options – Overview, Valuation Models and Strategies. Swaps.

Investing in Alternative Asset Classes - Hedge Funds, Characteristics of a Hedge Fund, Hedge Fund Strategies, Risk Arbitrage Investing, Hedge Fund Performance, Private Equity and Venture Capital.