

Essential/recommended Readings (latest edition of readings to be used)

1. Billingsley R., Gitman L., & Joehnk M. (2017). *Personal Financial Planning*. Cengage Learning.
2. Tillery S., & Thomas N. Tillery. (2017). *Essentials of Personal Financial Planning*. Association of International Certified Professional Accountants.

Suggested Readings (latest edition of readings to be used)

1. Indian Institute of Banking & Finance. (2017). *Introduction to Financial Planning* (4th ed.).
2. Sinha, M. (2017). *Financial Planning: A Ready Reckoner*. Mc Graw Hill.

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.

DISCIPLINE SPECIFIC ELECTIVE – FINANCE (DSE-7)

DSE 7: SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

Credit distribution, Eligibility and Pre-requisites of the Course
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Course title & Code	Credits	Credit distribution of the course			eligibility criteria	Pre-requisite of the course
		Lecture	Tutorial	Practical/Practic e		
Security Analysis and Portfolio Management (DSE 7)	4	3	1	0	Class XII	Basics of Financial Management and Statistics

Learning Objectives

- To provide a conceptual framework for analysis from an investor’s perspective of maximizing return on investment
- To provide a sound theoretical base with examples and references related to the Indian financial system.
- To emphasize on understanding of the forces that influence the risk and return of financial assets and related models and theories.

Learning Outcomes

On successful completion of the course the learner will be able to:

- Remember the concepts of risk and return, bonds and their valuation, technical and fundamental analysis, asset pricing and risk return of portfolio.

- Understand the process of calculating risk and return, pricing of bonds along with duration, valuation of shares along with trading strategies and portfolio risk and return, pricing research reports and advice of financial firms and brokers.
- Evaluate the best measures of risk and return, bond prices and sensitivity based on other variables, share valuation models and techniques of arriving at portfolio risk and return.
- Analyse the outcomes of evaluation to choose the best return risk asset, change in bond price based on changes in interest rate etc., execute buy and sell transactions based on fundamentals and trends in the respective asset and compare the risk return ratios of various assets and portfolios so as to choose the optimal portfolio.
- Create trading and investment strategies for maximising returns in the financial markets and also create a portfolio of investments to achieve the best risk return trade-off.

SYLLABUS DSE 7

Unit 1: Risk–Return Analysis, Bond Valuation & Fundamental Analysis (11 Hours)

Basics of risk and return: concept of returns, application of standard deviation, coefficient of variation, beta, alpha. Bonds: present value of a bond, yield to maturity, yield to call, yield to put, systematic risk, price risk, interest rate risk, default risk. Fundamental analysis: EIC framework; Economic analysis: Leading lagging & coincident macro-economic indicators, Expected direction of movement of stock prices with macroeconomic variables in the Indian context; Industry analysis: stages of life cycle, SWOT analysis, Company analysis.

Unit 2: Share Valuation & Technical Analysis (11 Hours)

Share valuation: Dividend discount models – no growth, constant growth, and two stage growth model. Relative valuation models using P/E ratio, other ratios. Technical analysis: meaning, assumptions, difference between technical and fundamental analysis; Price indicators – Dow theory, advances and declines, new highs and lows, circuit filters. Volume indicators – Dow Theory, small investor volumes. Other indicators – institutional activity, Trends: resistance, support. Technical charts & patterns. Indicators: moving averages.

Unit 3: Portfolio Analysis and Management (12 Hours)

Portfolio analysis: portfolio risk and return, Markowitz portfolio model: risk and return for 2 and 3 asset portfolios, concept of efficient frontier & optimum portfolio. Market Model: concept of beta, systematic and unsystematic risk. Investor risk and return preferences: Indifference curves and the efficient frontier, Traditional portfolio management for individuals: Objectives, constraints, time horizon, current wealth, tax considerations, liquidity requirements, and anticipated inflation. Asset allocation: Asset allocation pyramid, investor life cycle approach. Portfolio management services: Passive – Index funds, systematic investment plans. Active – market timing, style investing.

Unit 4 – Asset Pricing Models and Mutual Funds (11 Hours)

Capital asset pricing model (CAPM): Efficient frontier with a combination of risky and risk-free assets. Assumptions of single period classical CAPM model. Expected return, required return, overvalued and undervalued assets as per CAPM. Multiple factor models: Arbitrage Pricing Theory (APT), APT vs

CAPM. Mutual Funds: Introduction, classification of mutual fund schemes by structure and objective, advantages and disadvantages of investing through mutual funds. Performance Evaluation of Managed Funds using Sharpe's, Treynor's and Jensen's measures.

Essential/recommended Readings (latest edition of readings to be used)

1. Reilly, F. K. & Brown, K.C. (2012) *Analysis of Investments and Management of Portfolios*, (12th edition), Cengage India Pvt. Ltd.
2. Singh, Rohini (2017): *Security Analysis and Portfolio Management*, (2nd Edition). Excel Books.

Suggestive Readings (latest edition of readings to be used)

1. Fischer, D.E. & Jordan, R.J. (2006) *Security Analysis & Portfolio Management*, (6th edition), Pearson Education.
2. Ranganathan, M., & Madhumathi, R. (2006). *Investment Analysis and Portfolio Management*. Pearson Education.

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DISCIPLINE SPECIFIC ELECTIVE – FINANCE (DSE-8)

DSE 8: DIGITAL FINANCE

Credit distribution, Eligibility and Pre-requisites of the Course

Course title & Code	Credits	Credit distribution of the course			eligibility criteria	Pre-requisite of the course
		Lecture	Tutorial	Practical/ Practice		
Digital Finance (DSE 8)	4	3	1	0	Class XII	Basics of Finance

Learning Objectives

- To familiarize learners with the fundamentals of digital finance
- To develop awareness about varied kinds of payments system
- To learn about the emergence of cryptocurrency and blockchain
- To learn about the opportunities, challenges and risk management in fintech business

Learning Outcomes

On successful completion of the course the learner will be able to:

- Understand the nature of the digital revolution in finance