

Institute:	TECHNOCRATES INSTITUTE OF TECHNOLOGY- MBA
Branch:	MANAGEMENT
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Subject Name:	SECURITY ANALYSIS AND INVESTMENT MANAGEMENT
Subject Code:	FSF-1
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## **Recommended reference books**

### **1. Security Analysis and Portfolio Management**

**Author: Dr. Prasanna Chandra**

**Publisher: Tata McGraw-Hill Education**

**Highlights:**

- **Comprehensive coverage of investment theories and portfolio analysis.**
- **Includes real-world examples, risk-return analysis, and behavioral finance.**
- **Very popular among MBA and B.Com students.**

### **2. Investment Analysis and Portfolio Management**

**Author: Reilly & Brown**

**Publisher: South-Western Cengage Learning**

**Highlights:**

- Focuses on both theoretical and practical aspects of investments.
- Detailed discussion on efficient market hypothesis, CAPM, and portfolio evaluation.
- Excellent for advanced understanding and research references.

### 3. Security Analysis and Portfolio Management

**Author: V. A. Avadhani**

**Publisher: Himalaya Publishing House**

**Highlights:**

- Covers Indian financial markets, SEBI regulations, and investment instruments.
- Simple language, suitable for undergraduate and postgraduate levels.
- Contains solved examples and case studies.

### 4. Investment Management

**Author: Donald E. Fischer & Ronald J. Jordan**

**Publisher: Pearson Education**

**Highlights:**

- Classic text on investment principles, risk analysis, and valuation techniques.
- Explains fundamental and technical analysis in detail.
- Includes portfolio theory, options, and futures.

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### UNIT 1: Investment Categories and Basics

#### 1. Investment Categories – Debt & Equity

- **Debt Investments:** These include instruments where investors lend money and earn interest. E.g., bonds, debentures.
  - *Example:* Government of India issues 10-year bonds at 7% interest.
- **Equity Investments:** Represent ownership in a company. Investors earn via dividends and capital appreciation.
  - *Example:* Buying shares of Infosys gives part ownership and voting rights.

Criteria	Debt	Equity
Risk	Low to moderate	High
Return	Fixed	Variable
Ownership	No	Yes
Example	Fixed Deposit, Bonds	Shares of TCS, Reliance Industries

#### 2. Various Types of Investment Options

- **Fixed Income:** FDs, PPF, Bonds
- **Equity:** Direct stocks, Equity Mutual Funds

- **Real Estate:** Residential/commercial property
- **Commodities:** Gold, Silver
- **Alternative Assets:** REITs, INVITs, Crypto

*Case:* Retail investors shifted to SIPs in mutual funds post-2017 demonetization due to low FD returns.

### 3. Operations of Indian Stock Market

- **Major Exchanges:** NSE (National Stock Exchange), BSE (Bombay Stock Exchange)
- **Key Entities:**
  - SEBI: Regulates stock markets
  - NSDL/CDSL: Depositories for electronic securities
  - Brokers: Intermediaries (e.g., Zerodha, Groww)
- **Trading:** T+1 settlement, Online platforms
- **Example:** NSE's Nifty 50 represents top 50 Indian companies.

### 4. Asset Allocation

- Refers to distributing investments across asset classes to balance risk.
- Types: Strategic, Tactical, Dynamic
- *Example:* Aggressive investor: 80% equity, 20% debt; Conservative: 30% equity, 70% debt.

### 5. Asset Class

- Categories of financial instruments with similar characteristics:
  - Equities, Fixed Income, Real Estate, Cash, Commodities
- *Example:* During 2020 COVID crash, gold and US treasuries outperformed equities.

### 6. Market Indices

- Indicators of market performance.

- **Sensex:** Top 30 BSE stocks
- **Nifty 50:** Top 50 NSE stocks
- *Example:* Sensex moved from 27,000 (March 2020) to 75,000+ in 2024, showing economic recovery.

## 7. Mutual Funds – Concepts and Types

- **Concept:** Pools money from investors to invest in diversified portfolios.
- **Types:**
  - Equity Funds (e.g., SBI Bluechip)
  - Debt Funds (e.g., HDFC Short Term Debt)
  - Hybrid Funds (e.g., ICICI Balanced Advantage)
  - Index Funds
  - ELSS (tax saving)
- *Example:* SIP in Axis Bluechip Fund gave 14–16% CAGR over 5 years (past performance).

## UNIT 2: Government & Market-Based Investment Instruments

### 1. Government Securities

- Long-term bonds issued by government; safe but low return.
- **Types:**
  - Treasury Bills (T-Bills)
  - G-Secs (5-40 years)
- *Example:* RBI issues 91-day T-bill with 6.5% yield.
- **Retail Gilt Account:** Allows retail investors to directly buy G-Secs via RBI Retail Direct.

### 2. Non-Security Forms of Investment

- Real estate

- Gold/jewelry
- Bank deposits (FD/RD)
- Life insurance products
- *Example:* Real estate in Mumbai gave 10–12% annual appreciation between 2015–2022.

### 3. Investment Instruments of the Money Market

- Short-term instruments (maturity < 1 year)
- Instruments:
  - Call Money
  - Commercial Papers (CPs)
  - Certificates of Deposit (CDs)
  - Treasury Bills
- *Example:* HDFC Ltd issues CP to raise short-term capital from corporates.

### 4. Equity Market Instruments

- Equity Shares
- Preference Shares
- Derivatives (Futures, Options)
- ETFs (Exchange-Traded Funds)
- *Example:* Nifty 50 Options trading has surged due to zero-brokerage apps like Zerodha, Dhan.