

MFC 3.4 Portfolio Management

Objective

The objective of this course is to enable students learn various methods of building portfolios, evaluation and revision under various economic environmental constraints.

Course Inputs

1. **Portfolio Management:** Meaning, importance, objectives and various issues in portfolio construction, revision of portfolio: an evaluation.
2. **Portfolio Analysis:** Estimating rate of return and standard deviation of portfolio returns; Effects of Combining securities; Markowitz risk-return optimization solution.
3. **Single Index Model:** Portfolio total risk, portfolio market risk and unique risk; Sharpe optimization solution.
4. **Capital market Theory:** Capital market line, security market line; Risk free lending and borrowing; Recent developments.
5. **Factor Models:** Arbitrage pricing theory, Principle of Arbitrage, arbitrage portfolios, Two factor and multi-factor models.
6. **Portfolio Construction:** Techniques of portfolio construction.
7. **Portfolio Performance Evaluation:** Measure of return, risk adjusted measures performance evaluation, market timing, evaluation criteria and procedures.
8. **Market Efficiency:** Concept, importance and status of Indian capital market.

Suggested Readings

- Barua, Raghunathan and Verma: Portfolio Management, Tata McGraw Hill, Delhi
- Clark, James and Francis: Investment Analysis and Management, McGraw Hill, International Edition, New York.
- Elton Edwin J., Gumber Martin J.: Modern J: Modern Portfolio Theory and Investment Analysis, John Wiley, New York.
- Fabozzi, Frank J: Investment Management, Prentice Hall, International Edition, New York.
- Fischer, D.E. and Jordan R.J.: Security Analysis and Portfolio Management, Prentice Hall, Delhi.

Sharpe, Willam F., Gordon J. Alexander and J.V. Bailly: Investments, Prentice Hall, Delhi.