



SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Credit points	5 CP		
Duration of the course	2 sem. (study programme 90 CP) / 3 sem. (study programme 120 CP)		
Study course annotation	The course engages students in the fundamental process of understanding and translating theoretical concepts into actionable strategies, encompassing key elements such as asset allocation, security selection, management, and investing. This hands-on approach is enhanced as students actively apply their acquired knowledge and judgment to effectively manage a portfolio, thereby gaining invaluable practical experience in real-world market scenarios.		
Aim of the study course	The course is structured to provide a comprehensive understanding of investment essentials, covering analysis and strategies crucial for achieving success as an investor, with an introduction to investments and progressing into the assessment of securities and portfolios. To deepen comprehension of market dynamics, students will explore the fundamental aspects of the stock market. The curriculum delves into the risk-return trade-off for individual investors, examining the evaluation of securities market investments through both Fundamental and Technical analysis. Additionally, it explores the application of Modern Portfolio Theory, the analysis of active and passive investment strategies, and the measurement of portfolio performance. The course underscores the significance of comprehending the forces that influence the security market and sheds light on a variety of investment alternatives.		
Study course results	Knowledge	Skills	Competences
	<ul style="list-style-type: none"> Acquire a comprehensive grasp of theoretical frameworks relevant to investment and the securities market. Acquire the knowledge to analyze and evaluate both theoretical concepts and practical applications related to investment decisions and the analysis tools in the securities market. Explore diverse investment alternatives, mastering the skills to assess and quantify risk and return. Investigate the intricate relationship between risk and return, and gain insights into the strategies employed by investment professionals. Cultivate a conceptual understanding of financial products, trading mechanisms, and the variables influencing market values 	<p>Interactive Awareness: Stay cognizant of the potential impacts stemming from various forms of risk within the security market</p> <p>Reflective Judgment: Engage in psychological evaluations when managing savings.</p> <p>Decision-Making Proficiency: Exercise the ability to make well-considered decisions regarding the application of techniques and practices in portfolio construction and management.</p> <p>Comparative Investment Analysis: Demonstrate the skill to compare diverse types of investment alternatives.</p> <p>Corporate Hedging: Gain an understanding of the motives and rationales guiding corporate hedging activities.</p> <p>Evaluation of Risk Exposure: Identify and appraise the nature and scope of exposure to different types of risk, along with strategies for effective risk management.</p>	<p>Discerning Investment Options: Develop the ability to effectively differentiate among various investment avenues.</p> <p>Expertise in Portfolio Construction: Acquire the skill to construct diverse portfolios tailored to the needs of both individuals and firms.</p>



Topics		
Study course content	1	Investment – A Conceptual Framework: Investment process, comparison of investment products, risks of investment, and investment management.
	2	Investment Environment: Features and composition of money market, capital market, Primary market, Secondary market. Money market and Capital market instruments, and financial derivatives
	3	Risk and Return: Concepts of risk and return, Types of risk- Systematic and Unsystematic risk, Risk–return trade-off and measurement, Beta
	4	Fundamental Analysis: Economy analysis, industry analysis, and company analysis. Limitations.
	5	Technical Analysis: Tools of technical analysis, important chart formations or price patterns, and technical indicators.
	6	Technical Analysis Theories: Dow theory. Wave theory. Efficient Market Hypothesis: Concept of ‘Efficient Market’ and its implications
	7	Valuation of bonds and shares: bond features and prices, Bond valuation and yields - Bonds duration and yield analysis –YTM, YTC-bond risk. Share valuation models.
	8	Portfolio Management: Concept of portfolio and steps in portfolio management, Risk and return, Types of portfolio management
	9	Markowitz Portfolio Selection Model: Concept of portfolio analysis and diversification of risk. Efficient Frontier
	10	Capital Asset Pricing Model (CAPM): Assumptions of CAPM, limitations of this Model. : Arbitrage Pricing Theory and its principles, Comparison of APT & CAPM
	11	Portfolio revision and evaluation: formula plans, portfolio performance evaluation-Need for Evaluation – Measuring Portfolio Return – Risk-Adjusted Returns- Sharpe Ratio, Treynor Ratio, Jensen’s Performance Index
	12	Mechanics of investing- stock trading platforms - International Portfolio Investments: Investment avenues for foreign portfolio investors.
Form of assessment:	<ul style="list-style-type: none"> • Diagnostic Assessment – Short Quiz, Classroom discussions, Case study • Formative Assessment – Group Project, Portfolio Creation, Kahoot Quiz • Summative Assessment – Standardised Class Test 	
Obligatory literature:	<ul style="list-style-type: none"> • Fischer Donald, Ronald Jordon, (2018). Security Analysis and Portfolio Management, 7e, Pearson • <u>Frank Reilly, Keith Brown</u> (2012), Analysis of Investments and Management of Portfolio, 10 e, Cengage • Kevin S., (2023). Security Analysis and Portfolio Management,3 e, PHI 	
Additional literature:	<ul style="list-style-type: none"> • Ruttiens, A. Mathematics of the financial markets. Financial instruments / Alain Ruttiens. - 2013. -351 p. • Saunders, A. Financial Markets and Institutions. 5 edition / Anthony Saunders, Marcia Millon Cornett. - 2012. - 850 p. • https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/financial-markets/securities-markets_en 	



- https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/search-all-eu-institutions-and-bodies/european-securities-and-markets-authority-esma_en

Other sources of information:

https://money.cnn.com/data/world_markets/europe/
<https://www.marketscreener.com/stock-exchange/shares/europe/>
<https://ec.europa.eu/eurostat/web/main/home>
<https://ec.europa.eu/eurostat/web/main/data/database>
<https://www.oecd.org/>
<https://www.doabooks.org/en>
<https://knowledgeunlatched.org/>

Journals

- EBSCO
- EMERALD
- PROQUEST

Changes and additions to the program and literature list are possible during the study process