

STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 600 086

B.COM DEGREE

SYLLABUS

(Effective from the academic year 2019 – 2020)

EQUITY INVESTMENT AND STOCK TRADING

CODE: 19CM/ME/ES45

CREDITS: 5

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TOTAL TEACHING HOURS: 65

OBJECTIVES OF THE COURSE

- To acquaint students with adequate knowledge of both investment theory and practices
- To expose students to the framework of modern portfolio and investment analysis for critical evaluation
- To familiarise students with the practical perspective of the trading strategies and tools used for analysis of investment in the stock market

COURSE LEARNING OUTCOMES

On successful completion of the course the students will be able to

- Obtain comprehensive knowledge on types of stocks, exchanges, brokerage accounts, order types, bull/ bear markets, primary and secondary market
- Design investment decisions based on available evidence and analysis
- Understand the benefits of diversification of individuals portfolio
- Comprehend the operations of the security markets and mechanics of trading

Unit 1

Introduction to Investment (10 Hours)

- 1.1 The Investment Environment – Securities, Risk, Return and Diversification, Financial Intermediaries and Security Markets
- 1.2 Types of Investment
- 1.3 Investment Process – Investment Policy, Security analysis, Portfolio Construction, Revision and Performance Evaluation
- 1.4 Concept of Return and Risk-Tradeoff between Return and Risk, Impact of Taxes and Inflation Return

Unit 2

Investing Fundamentals (15 Hours)

- 2.1 Indian Security market – The Market Participants, Trading Security, Security Market Indices

- 2.2 Stock Exchange in India
- 2.3 Sources of Financial Information
- 2.4 Basic Concepts- Margin, Shorting, Stock Splits, Market Capitalisation, Dividends, Stock Market Psychology
- 2.5 Other Investments – Options, Futures, International Investing

Unit 3

Approaches of Equity Analysis (15 Hours)

- 3.1 The Layers of Equity Evaluation
- 3.2 Equity Portfolio Management
- 3.3 Fundamental analysis – Establishing the Value Benchmark
- 3.4 Technical Analysis and Efficient Market Hypothesis

Unit 4

Stock Analysis (15 Hours)

- 4.1 Types of Trading-Day Trading, Short Term, Medium Term and Long Term Trading
- 4.2 Stock Quotation, Types of Placing of Order
- 4.3 Analysis of Company – Ratio Analysis, Future Prospectus of the Company, Assessing Quality Using Financial and Non- Financial Data and Balance Sheet

Unit 5

Stock Valuation (10 Hours)

- 5.1 Stock Valuation- using PE ratio, PEG Ratio, Price Revenue Ratio
- 5.2 Use of Historic Price – Simple Moving Average, Basic and Advanced Interactive Chart
- 5.3 Stock Picking Strategies
- 5.4 Examining the Share Holding Pattern of The Company
- 5.5 Pitfalls to avoid while Investing

BOOKS FOR STUDY

Gordan Alexander., William F. Sharpe., Bailey., *Fundamentals of Investment*, 2nd Edition, PHI,1993

Chandra Prasanna, *Investment Analysis and Portfolio Management.*, Tata McGraw-Hills

Bodie. Zvi, Kane Alex., Marcus. Alan., *Investments*, McGrawHills Eduaction, 2017

Jack D. Schwager., *The Little Book of Market Wizard.*, Wiley., 2016

BOOKS FOR REFERENCE

Jones.,C.P., *Investment Analysis and Management.*, Wiley

Fischer, Donald E. and Ronald . J Jordan, *Security Analysis and Portfolio Management*, 6th Edition, Prentice Hall of India, 2007

Bhalla, V.K., *Investment Management*, S. Chand & Co.

Vohra, N.D; abd B R Bagri, *Futures and Options*, Tata McGraw Hills Publishing

JOURNALS

Investopedia

Investor's Business Daily

Dalal Street Investment

Journal of Investing

WEB RESOURCES

www.nseindia.com

www.bsebt.com

www.moneycontrol.com

www.yahoofinance.com

PATTERN OF ASSESSMENT

Continuous Assessment Test: Total Marks: 50 Duration: 90 minutes

Section A - $7 \times 2 = 14$ (no choice)

Section B - $2 \times 8 = 16$ (from a choice of three questions)

Section C - $1 \times 20 = 20$ (from a choice of two questions)

Other Components: Total Marks: 50

Assignments/Seminars/Building Portfolio/Class Presentation

End Semester Examination: Total Marks: 100 Duration: 3 hours

Section A – $10 \times 2 = 20$ Marks (no choice – Max 30 Words)

Section B – $5 \times 8 = 40$ Marks (From a choice of seven questions – Max 500 words)

Section C – $2 \times 20 = 40$ Marks (From a choice of four questions – Max 1200 words)