**========================================================================== Title: Investment Analysis Code: FIN 546**

**Credit Hours: 3 Year /Semester: II/IV**  **48 Hours**

**Course Objectives:**

This course aims to provide the students with basic understandings of investment and investment alternatives. This course enables the students to evaluate various investment securities and the impact of market factors that influence them to analyze the security, to analyze the international investment, and to understand the concept of derivatives.

**Unit 1 Introduction 6 Hours**

The investment environment, Real assets vs Financial assets, A taxonomy of financial assets, The investment decision process, Asset classes and Financial instruments, Determinants of investment, The money market, Bond market, Equity securities, Derivative market, Career opportunities in investments

**Unit 2 Portfolio Theory & Practice 15 Hours**

Risk & Risk premium, Risk aversion, Risk free assets, Risk tolerance & Assets allocation, diversification & portfolio risk, The efficient set theorem, Concavity of the efficient set, The market model diversification, Index models, SML v/s CML, CAPM, Index model, Expected return-beta relationship, Extension of CAPM, Liquidity & CAPM, Multifactor models, Arbitrage pricing theory (APT), Multifactor CAPM & the APT

**Unit 3 Securities Analysis & Valuation 14 Hours**

**Macro-economic and industry analysis**

Global economy, Business cycles, Domestic macro-economy, Industrial analysis, Financial analysis, Technical analysis, Fundamental analysis, Financial statement analysis

**Bonds**

Introduction & Nature of bonds, Bond valuation, Bond yields (YTC &YTM), Bond pricing theorem, Interest rate convexity, Active & Passive bond management.

**Equity**

Nature of equity shares, Intrinsic value, Market value, Valuation by comparison, Dividend discount model, Price- earnings ratio, Cash flow approach

**Unit 4 International Investment 8 Hours**

International equity indices, Emerging market, Managing exchange risk, Foreign & domestic Risk & return, International listing, International tax issues, Interest rate & inflation, Nominal & real return

**Unit 5 Other Investment 5 Hours**

Investment companies, Major types of investment companies: Close-end company, Open-end company (Mutual Fund), Mutual fund characteristics, Evaluating mutual funds, Mutual funds in Nepal

#### **Reference Books:**

1. Sharpe, W. F., Alexander, G.J., and Jeffery, V. Bailey, ***Investments****.* Prentice-Hall of India Pvt. Ltd., New Delhi.
2. Bhalla, V. K., ***Investment Management: Security Analysis and Portfolio Management.*** S. Chand & Company Pvt. Ltd., New Delhi.
3. Reilly, F. K. and Brown, K. C., ***Analysis of Investment& Management of Portfolios***. Cengage Learning India Pvt. Ltd.
4. Bodie, Z., Kane, A., Marcus, A. J. and Mohanty, P. ***Investments,*** Tata McGraw –Hill, Education Pvt. Ltd., New Delhi.