

Title: Investment Analysis
Credit Hours: 3

Code: FIN 376
Year /Semester: IV/VII

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 analyze the security market, to evaluate the risk and return of the financial assets and to determine the value of fixed income securities and common stocks.

Unit 1 Introduction:

4 Hours

Introduction to Investment, Investment Environment, Investment Process, Investment Alternatives

Unit 2 Security Market & Analysis:

12 Hours

Introduction to Security Market, Call & Continuous Market, Primary & Secondary Market, Information-motivated & Liquidity-motivated Traders, Clearing Procedures, Security & Stock Market Indices, Security Market Regulation in Nepal, Guidelines to Investor in Nepal.

Unit 3 Portfolio Theory & Management:

12 Hours

Measures of Risk & Return, Required Rate of Return, Relationship of Risk & Returns, Portfolio Selection & Problems, Efficient Set Theorem, The Market Model, Markowitz Model, CAPM, SML vs. CML, Portfolio Performance Evaluation, Risk Adjusted Measures of Performance Evaluation, Concept of Arbitrage Pricing Theory.

Unit 4 Fixed Income Securities Valuation

12 Hours

Governmental Securities, Money Market Instruments; Corporate Bonds, Foreign Bonds, Euro Bonds, Bond Pricing, Bond Yields, Yield Curve, Interest Rate Uncertainty & Forward Rate, Active & Passive Bonds Management, Bond Market in Nepal.

Unit 5 Common Stocks & Their Valuation

8 Hours

Alternative Forms of Dividends, Ex-ante & Ex-post Values, Beta, Valuation using Discounted Cash Flow Technique, Valuation using Dividend Growth Model, and Valuation based on Finite Holding Period, Valuation based on Earnings.

Reference Books:

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