

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD  
(Department of Business Administration)**

\*\*\*\*\*

**INVESTMENT AND SECURITIES MANAGEMENT (8715)**

**CHECK LIST**

**SEMESTER: AUTUMN, 2013**

This packet comprises following material:-

1. Text Book
2. Course Outline
3. Assignment No.1, 2.
4. Assignment Forms (two sets)

In this packet, if you find anything missing out of the above mentioned material, please contact at the address given below:

**The Mailing Officer  
Services Block No. 28  
Allama Iqbal Open University  
H-8, Islamabad.  
Phone: 051-9057611-12**

*Ms. Nadia Rashid*  
Course Coordinator



## ASSIGNMENT No. 2

Total Marks: 100

Pass Marks: 50

*Note: All questions are compulsory.*

- Q. 1 Discuss the processes and general requirements for buying and selling of common stock in financial markets of Pakistan. (20)
- Q. 2 What do you mean by derivative security market? Describe why investors use options in their investment strategies. (20)
- Q. 3 Discuss the significance of Efficient Market Hypothesis (EMH) for investors. Also describe how the EMH is tested. (20)
- Q. 4 Select an industry of your choice and give detail regarding its life cycle. Also analyze the qualitative aspects of the selected industry being an investor. (20)
- Q. 5 Discuss in detail the importance of considering and implementing the process of portfolio management in a firm. Also describe the various steps involved in portfolio management process. (20)
- 

### INVESTMENT AND SECURITIES MANAGEMENT (8715) COURSE OUTLINE

#### UNIT-1 Background

- 1.1 Nature of Investment
- 1.2 Understanding Investment Process
- 1.3 Types of Securities Available Worldwide

#### UNIT-2 Investment Alternatives

- 2.1 Investment Companies and Its Types
- 2.2 Types of Mutual Funds
- 2.3 Investment company Performance
- 2.4 Future Prospects of Indirect Investing in Pakistan
- 2.5 Securities Markets and Its Types
- 2.6 Globalization of Securities Market in Pakistan

#### UNIT-3 Trading of Securities and Risk Concepts

- 3.1 Trade of Securities
  - 3.1.1 Brokerage Transactions
  - 3.1.2 How Orders Work?
  - 3.1.3 Investor Protection in the Securities Markets
  - 3.1.4 Short Sales

- 3.2 Return and Risk Concepts
  - 3.2.1 Return
  - 3.2.2 Measuring Returns and Risk
  - 3.2.3 Estimating Returns and Risk
  - 3.2.4 The Return-Risk Relationship
- 3.3 Process of Securities Trading in Pakistan
- 3.4 Types of Risk Associated with Investment in Pakistan

**UNIT-4 Fixed Income Securities: Analysis, Valuation and Management**

- 4.1 Bonds and Its Types
- 4.2 Bond Returns and Risks
- 4.3 Bond Prices and Yields
- 4.4 Bond: Analysis and Strategy
  - 4.4.1 Reasons to Purchase Bonds
  - 4.4.2 Important Consideration in Managing a Bond Portfolio
  - 4.4.3 The Risk Structure of Interest Rates-Yield Spreads
- 4.5 Bond Strategies and Management in Pakistan

**UNIT-5 Common Stock: Analysis, Valuation and Management**

- 5.1 Concept of Common Stocks
- 5.2 Common Stock Market: Buying & Selling Stock
- 5.3 Common Stock Risks and Returns
- 5.4 Common Stock Valuation Techniques
- 5.5 Common Stock: Analysis and Strategy

**UNIT-6 Derivative Securities**

- 6.1 Understanding Options
- 6.2 Some Basic Option Strategies
- 6.3 Option Valuation
- 6.4 An Investors Perspective on Puts and Calls
- 6.5 Stock Index Options and Interest Rate Options
- 6.6 Understanding Futures Market and Its Structure

**UNIT-7 Additional Investment Opportunities and Efficient Market**

- 7.1 Warrants and Convertible Securities
  - 7.1.1 Warrants and its Valuation
  - 7.1.2 Speculative Value of a Warrant
  - 7.1.3 Convertible Securities
  - 7.1.4 Risk and Return on Convertibles
  - 7.1.5 Convertible Preferred Stock
- 7.2 Market Efficiency
  - 7.2.1 Concept of Efficient Market
  - 7.2.2 Implication of Efficient Market Hypothesis
  - 7.2.3 Evidence of Market Anomalies

**UNIT-8 Security Analysis**

- 8.1 Market Analysis
  - 8.1.1 Understanding the Stock Market
  - 8.1.2 Market Valuation
  - 8.1.3 Forecasting Changes in the Market/Economy
- 8.2 Industry Analysis
- 8.3 Company Analysis
  - 8.3.1 Fundamental Analysis
  - 8.3.2 Additional Company Analysis
- 8.4 Technical Analysis

**UNIT-9 Investment Management**

- 9.1 Portfolio Management as a Process
- 9.2 Portfolio Selection
  - 9.2.1 Use Markowitz Portfolio Selection Model
  - 9.2.2 Consider Borrowing and Lending Possibilities
  - 9.2.3 Choose the Final Portfolio Based on Preferences
  - 9.2.4 Implication of Portfolio Selection
- 9.3 Capital Market
  - 9.3.1 Assumption of CAPM
  - 9.3.2 Market Portfolio
  - 9.3.3 Estimating SML

***Recommended Books:***

Jones, C. P. (2006). *Investment Analysis and Management* (10<sup>th</sup> Ed.). U.S.A.: Wiley John & Sons

Fischer, D. E. & Jordan, R. J. (2006). *Security Analysis and Portfolio Management* (6<sup>th</sup> Ed.). New Delhi: Prentice-Hall of India Private Ltd.

Reilly, F. K. & Brown, K. C. (2005). *Investment Analysis and Portfolio Management* (8<sup>th</sup> Ed.). Ohio, U.S.A.: South-Western College

=====