# 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

# ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD

(Department of Business Administration)

# **WARNING**

- 1. PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.
- 2. SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".

Course: Investment and Securities Management (8715)

Level: MS (Management Sciences)

Semester: Autumn, 2013

Total Marks: 100

Pass Marks: 50

## **ASSIGNMENT No. 1**

Note: All questions are compulsory.

- Q. 1 Describe the types and features of equity securities available in Pakistan for the purpose of raising funds. (20)
- Q. 2 "An open-end investment company is one whose capitalization constantly changes as new shares are sold and outstanding shares are redeemed." Select an open-end investment company of your choice and discuss how it select and manage its portfolio of securities. (20)
- Q. 3 What do you mean by "indirect investing"? Discuss in detail the scope of investing indirectly in Pakistan. (20)
- Q. 4 a) Discuss in detail the role of Securities and Exchange Commission of Pakistan (SECP) for the protection of investors in securities market. (14)
  - b) Calculate the total return and return relative for a preferred stock bought for Rs. 80 per share, held for one year during which Rs. 7 per share dividends are collected, and sold for Rs. 73. (06)
- Q. 5 Discuss the types of bonds available in Pakistan. In case of portfolio investment in bonds issuing in Pakistan, which strategies you would choose for managing the bond portfolio? (20)

#### 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

\_\_\_\_\_