

23BBE731-Security Analysis and Portfolio Management

Introduction to Investment



CONTENTS

1. Foundations of Investment
2. Security Analysis
3. Portfolio Management

01

Foundations of Investment



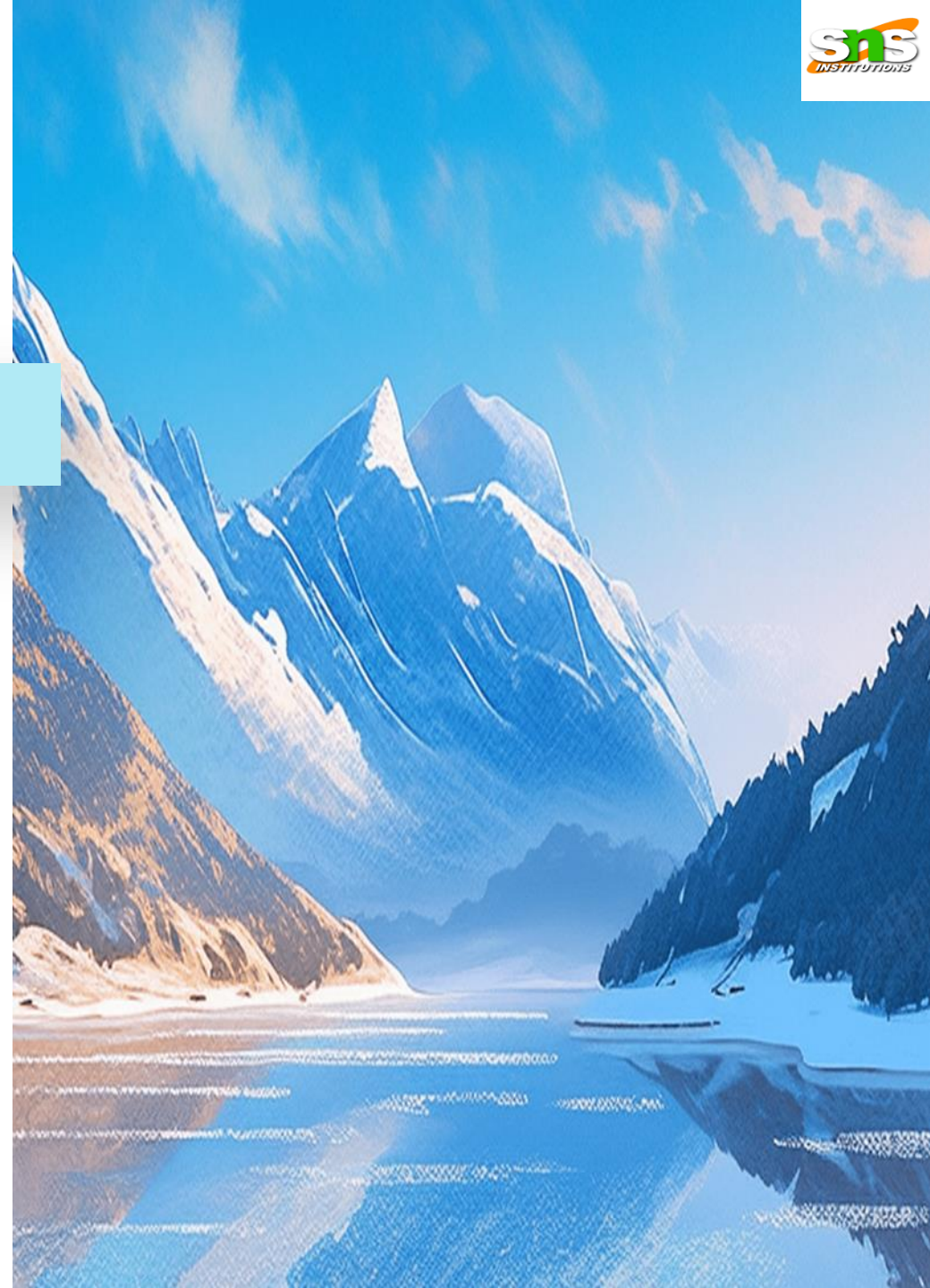
Investment Basics

Definition and Importance

Investment refers to the allocation of resources, usually money, in order to generate income or profit. Understanding its importance helps students grasp financial growth concepts.

Types of Investments

Investments can be categorized into various types such as stocks, bonds, mutual funds, and real estate. Each type has its own characteristics and potential returns.



Risk and Return



Understanding Risk

Risk in investments involves the possibility of losing some or all of the original investment. Students must learn to evaluate risk levels associated with different assets.

01



Calculating Expected Return

Expected return is a forecast of potential profit from an investment, calculated by considering the probabilities of various outcomes. It's crucial for students to know how to assess their investment decisions.

02

02

Security Analysis



Fundamental Analysis



Evaluating Financial Statements

A thorough examination of a company's financial documents, including the balance sheet, income statement, and cash flow statement, helps students understand its profitability, liquidity, and overall financial health.



Assessing Industry Trends

Students learn to analyze industry dynamics, competitive landscape, and economic factors influencing the market, which aids in understanding how these trends can impact investment opportunities.

Technical Analysis



Chart Patterns and Indicators

This section covers various types of chart patterns such as head and shoulders or triangles, and technical indicators like moving averages, equipping students with analytical skills to forecast price movements effectively.

Volume Analysis

Students explore how trading volume influences stock price movements, learning to interpret volume patterns to make informed trading decisions and assess market strength or weakness.

03

Portfolio Management



Asset Allocation

01

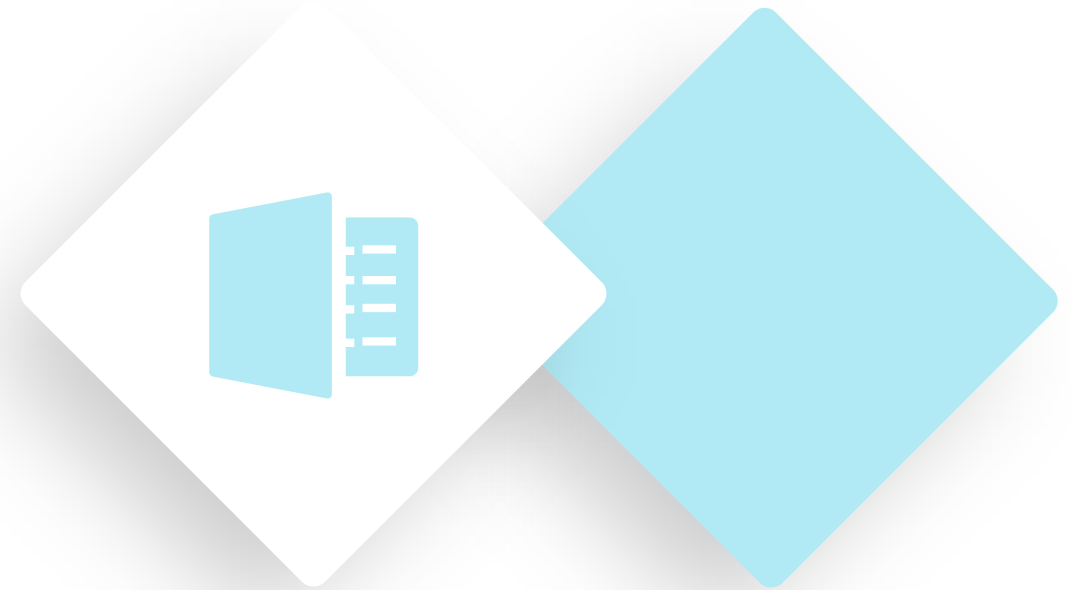
Strategic Asset Allocation

Strategic asset allocation involves setting long- term investment goals based on an individual's risk tolerance and time horizon, ensuring a diversified portfolio aligned with these objectives.

02

Tactical Asset Allocation

Tactical asset allocation is an active strategy that allows for temporary shifts in asset allocation based on market conditions to capitalize on perceived short- term opportunities and risks.



Performance Evaluation



Benchmarking Techniques

Benchmarking techniques assess portfolio performance against relevant indices, aiding investors in understanding how well their investments are performing relative to the market.



Risk-Adjusted Returns

Risk-adjusted returns evaluate the return of an investment relative to its risk, helping students grasp the importance of balancing risk and return in investment decisions.

Thanks

Prepared by D.Deepa

