

KARACHI UNIVERSITY BUSINESS SCHOOL

UNIVERSITY OF KARACHI

BS-VII

Course Title	:	SECURITY ANALYSIS
Course Number	:	BA (H) – 603
Credit Hours	:	03

OBJECTIVE OF THE COURSE:

The below mentioned syllabus covers variety of areas pertaining to 'equity securities' and 'debt securities' which include implementation of knowledge brought forward from previous studies in the advance studies. On the completion of this course students would be able to *conduct valuation of companies, evaluating risk & returns, choosing investment alternatives, understanding securities under banking policy, evaluating bonds, analyzing equity securities.*

Concepts of Securities Risk, Return & Investments

- Types of securities
- Types of risks
- Measuring risks

Securities Markets and Market Mechanics

- The Primary Market
- The Secondary Market: The Players
- The Secondary Market: The Four Components
- The Secondary Market: The Transaction
- Securities Markets Regulation
- Other Issues

Valuation Theory & Concepts

- The Discounted Dividends Valuation Method
- Shortcut Forms of Earnings-Based Valuation
- The discounted Cash Flow Model
- Comparing Valuation Methods

Valuation Implementation

- Computing a Discount Rate (WACC using various Models)
- Detailed Forecasts of a Performance
- Terminal Values

- Computing Asset & Equity Values
- Some Practical Issues in Valuation

Equity Security Analysis

- Investor Objectives & Investment Vehicles
- The Process of Comprehensive Security Analysis
- Performance of Security Analysts and Fund Managers

Credit Analysis & Distress Prediction

- Why do Firms use Debt Financing?
- The Market for Credit
- The Credit Analysis Process in Private Debt Markets
- Financial Statement Analysis & Public Debt
- Prediction of Distress and Turnaround

Collateral Securities Under Banking Policy:

- Mortgages
- Hypothecation specific & General Charges

Pledge of Goods

- Lien over accounts
- Assignment of Receivables

Mergers & Acquisitions

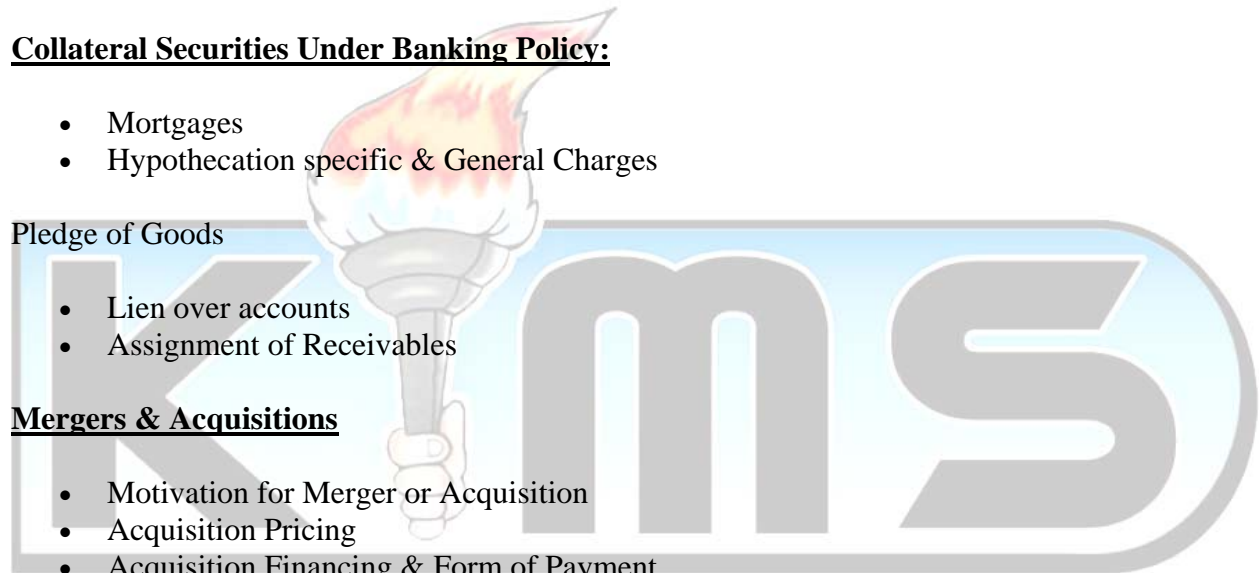
- Motivation for Merger or Acquisition
- Acquisition Pricing
- Acquisition Financing & Form of Payment
- Acquisition Outcome
- Synergies (Practical Scenarios post mergers out come)

Alternative Securities Investments

1. Investment Companies

- Valuing Investment Company Shares
- Fund Management Fees
- Investment Strategies
- Exchange Traded Funds

2. Private Equity



- Stages of Venture Capital Investing
- Investment Characteristics
- Types of Liquidation/Divestment
- Valuation & Performance Measurement

3. Commodity Markets

- Commodity Futures
- Active Investment
- The Example of Gold
- Commodity-Linked Securities

Global Bond Investing

1. The Global Bond Market

- Bond Indexes
- The International Bond Market
- Emerging Markets & Brady Bonds

2. Major Differences Among Bond Markets

- Types of Investments
- Quotations, Day Count, and Frequency of Coupons
- Legal and Fiscal Aspects

3. A Refresher on Bond Valuation

- Zero-Coupon Bonds
- Bond with Coupons
- Duration and Interest Rate Sensitivity
- Credit Spreads

4. Floating-Rate Notes and Structured Notes

- Floating Rate Notes (FRNs)
- Bull FRNs/ Bear FRNs
- Dual-Currency Bonds
- Currency-Option Bonds
- Collateralized Debt Obligations (CDOs)

Market Efficiency

- Types of Investment Analysis
- The Efficient Market Hypothesis
- Testing the Weak Form of the Efficient Market Hypothesis
- Semistrong and Strong-Form Tests of the EMH (Anomalies)

Recommended Books:

1. **Modern Investments & Security Analysis by Russell J. Fuller & James L. Farrell.**
2. **Global Investments by Bruno Solnik & Dennis McLeavey**
3. **Business Analysis & Valuation by Palepu & Healy**

