

COVENANT UNIVERSITY
DEPARTMENT OF BANKING AND FINANCE

COURSE CODE	BFN 416		
COURSE TITLE	CAPITAL MARKET AND PORTFOLIO MANAGEMENT		
COURSE LECTURERS	BABAJIDE A. A(MRS)	D402C	EXT 2501
	ADETILOYE A. A(MR.)	B402C	EXT 2461

COURSE OBJECTIVE

At the end of this course, the students are expected to;

1. Understand the operations of the capital markets, its functions and role in the process of intermediation with special focus on the Nigerian Capital Market institutions, structure, instruments, problems, performance and growth.
2. Appreciate the importance of the relationship between risk and returns and its measurements in portfolio construction and the Markowitz model.
3. Construct, manage, evaluate portfolio of various types of investors and suitable portfolio.
4. Appreciate the basic concepts and principles of investment analysis and portfolio management.
5. Study the scope and variety of investments in the Nigerian environment.
6. Know the importance and essence of portfolio management.
7. Learn the essential aspects of investment analysis and management especially the nature and problems of investment, types of investment instruments, institutional and regulatory framework for investment technique of security analysis and evaluation of portfolio performance.

Teaching Methods - Classroom Arrangement, Field Trip to the Stock Exchange

Teaching Aids - White Board, Overhead projector, Multimedia projector

Module 1

Week 1 - The structure and functioning of capital market; Participants, structure and organization, trading methods and appraisal.

Week 2 - The development and main features of the Nigerian capital market;

Week 3 - Stock exchange: growth structure and performance in Nigeria;

Module 2

Week 4 & 5 - Instruments of the capital market, valuation of equities, preference shares, bond and debentures, Credit and price analysis, insurance and property investments managed bonds.

Week 6 & 7 - Investment: Meaning of Investment. Financial and Economic meaning of of Investment. Characteristics of investment. Objectives of investment. Investment Vs Speculation. Investment Vs Gambling. Types of Investors. Investment Avenue. Risk and Returns; Meaning of risk. Elements of risk. Systematic risk and Unsystematic risk. Measurement of risk. Measurement of Systematic risk.

Module 3

Week 8 & 9 Portfolio Theory and Capita Asset Pricing Model (CAPM): Holding periodic return, expected return and standard deviation; Diversification and its benefits; The Security Market Line (SML); Estimating some expected returns; Calculating beta; Applications of CAPM, etc.

Week 10 Porfolio selection: Feasible set of portfolio; Selection of Optimal Portfolio; Limitations of Markowitz Model, etc.

Module 4

Week 11 Stock market ratios: Uses, switches: Policy and Anomaly

Week 12 Investor policies, objectives, individual, institutional, pension and mutual funds management.

Week 13 & 14 Revision

Methods of grading – Essay question

ContinuousAssessment 20%

Mid Semester Examination 10%

Examination 70%

Class Behaviour - Interactive & Demostration

Topic for term paper/ Assignment – Write a detailed report of your visit to the Stock Exchange Market.

Recommended Textbook

1. **Cohen J. B., Zinbarg E.D., Zeikel A.** (1999) Investment Analysis and Portfolio Management 5th Edition. Boston. Irwin McGraw-Hill Publishers.
2. **FACTBOOK (2004)** The Nigerian STOCK EXCHANGE. Lagos. Pathway Communications Ltd.
3. **Jegade C.A.,** (2000) Fundamentals of Investment Decisions. Lagos. Minreib Accord Publishers
4. **Khoury, S.J.** (1983) Investment Management: Theory and Application. New York. Macmillian Publishing
5. **Obamuyi T.M** (1999) Fundamentals of Financial Management and Investment Analysis. Ado Ekiti. Petoa Publishers.
6. **Osaze B. O** (1997) Understanding the Capital Market Revised edition Benin City. Bofic Consulting Group Ltd.
7. **Bodie Z. Alex Kane, and Alan J. Marcus** (2005) Investments. New York. McGraw-Hill Publications.
8. **Pandian Punithavathy** (2003) Security Analysis and Portfolio management New Delhi. Vikas Publishing.