

MANAGEMENT PROGRAMME

Term-End Examination

December, 2012

MS-44 : SECURITY ANALYSIS AND
PORTFOLIO MANAGEMENT

Time : 3 hours

Maximum Marks : 100

(Weigh tage 70%)

Note : Attempt any five questions. All questions carry equal marks. Present value and annuity tables are to be provided, if asked for. Use of calculators is allowed.

1. Explain the concept of investment. Discuss in detail the steps involved in the investment process.
2. (a) Critically evaluate the role of SEBI as stock market developer and regulator.
(b) The common stock of GVK Ltd. is currently selling for Rs. 70 per share. Dividend per share has grown from Rs. 2 to the current level of Rs. 6 over the past ten years and this dividend growth is expected to continue in future also. What is the required rate of return of the GVK Ltd. ?
3. "Economic forecasting is the heart of economic analysis." Explain this statement and describe the various techniques of economic forecasting.

4. Explain the Dow Theory. Is it useful in predicting the price behaviour of stocks ? Is the Dow Theory applicable to the Indian stock market ?
5. (a) What are benchmark portfolios ? How are they used to evaluate the performance of a portfolio manager ? Discuss with suitable examples.
 (b) Consider the following data for a particular sample period :

	Portfolio P	Market M
Average return	35%	28%
Beta	1.2	1.0
Standard deviation	42%	30%
Non-systematic risk	18%	

Calculate the following performance measures for portfolio P and the market : Sharpe, Jensen, and Treynor. The T - bill rate during the period was 6%. By which measures did portfolio P outperform the market ?

6. Discuss the CAPM and its application in portfolio selection. Explain the relationship between SML, CML and Characteristic Line.

7. Write short notes on *any four* of the following :
- (a) Risk - return trade off
 - (b) Duration and Immunization
 - (c) Efficient Frontier
 - (d) Elliot Wave Theory
 - (e) Arbitrage Pricing Theory
 - (f) Random Walk Hypothesis
8. (a) 'Mutual funds provide stability to share prices, safety to investors and resources to the prospective entrepreneurs'. Critically evaluate this statement.
- (b) Distinguish between :
- (i) Sector Fund and Index Fund
 - (ii) Systematic Investment Plan and Re-investment Plan.
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