

MANAGEMENT PROGRAMME

Term-End Examination

December, 2015

**MS-44 : SECURITY ANALYSIS AND
PORTFOLIO MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

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

1. "Higher the return, higher will be the risk". Discuss the various types of risks involved in investment.
2. What is 'Primary Market' ? Discuss the important developments that have taken place recently in Indian primary market.
3. (a) What is electronic settlement of trade ? Explain the procedure for purchasing and selling of dematerialized securities.
(b) A company decides that it will not pay any dividends for 20 years. After that time it is expected that the company could pay dividend of ₹ 15 per share indefinitely. However, the company at present could pay ₹ 3 per share. The required rate of this company's shareholders is 10 percent. What is the loss to each shareholder as a result of the policy of the company ? Calculate the value of the equity share.

4. Critically evaluate the fundamental analysis. How is it useful to a prospective investor ?
5. (a) What is Markowitz Portfolio Theory ? Explain the basic assumptions of Markowitz Theory.
 (b) Three Mutual Funds have reported the following rates of return and risk over the last five years.

Growth Fund	Return	St. Deviation (Risk)	Beta
Shriram	15%	16%	1.15
Birla	13%	18%	1.25
ICICI	12%	11%	0.90

Rank each fund by Sharpe's and Treynor's performance evaluation criteria, given the Risk free Return (R_f) as 7%.

6. What are the various techniques of technical analysis ? Explain the various challenges to technical analysis.
7. "Mutual funds provide stability to share prices, safety to investors and resources to prospective entrepreneurs". Comment.
8. Compare and contrast constant-dollar-value plan, constant-ratio plan and variable-ratio plan. You may use imaginary data.