

MANAGEMENT PROGRAMME

Term-End Examination

December, 2013

**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.

1. What do you understand by investment risk ?
Classify the traditional sources of investment risk and mention whether they are general sources of risk or specific sources of risk. How is interest rate risk related to inflation risk ?
2. (a) Explain the importance of earnings, dividend payout and required rate of return in estimating the theoretical value of the stock.
(b) Anil has bought Everest Company stock, that has paid Rs. 3.00 dividend per share during the last financial year. He anticipates two situations either a 5% decline in the dividend or 5% growth in the dividend in the next year. His anticipated rate of return is 20%. Fix the price for both the situations.

3. Explain the utility of economic analysis and state the economic factors considered for this analysis. What is the effect of economic growth on stock prices ?
 4. Write short notes on :
 - (a) Moving Average
 - (b) Moving Average Convergence Divergence (MACD) indicator.
 - (c) Relative Strength index
 - (d) Dow theory
 5. Define Markowitz diversification. Explain the statistical method used by Markowitz to obtain the risk reducing benefit.
 6. Explain the CAPM theory. What are the advantages of adopting CAPM model in the portfolio management ?
 7. What is portfolio revision ? Describe the various formula plans used for portfolio revision.
 8. Distinguish between performance measurement and performance evaluation of an investment portfolio. Describe the Sharpe, Treynor and Jensen measures of portfolio returns.
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