

**MANAGEMENT PROGRAMME**

**Term-End Examination**

**June, 2013**

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

02450

*Time : 3 hours*

*Maximum Marks : 100*

*(Weightage 70%)*

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**Note :** *Attempt any five questions. All questions carry equal marks. Use of calculators is allowed.*

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1. Define investment. Describe the steps involved in the investment process.
  
2. (a) How is the present value of a bond determined ? What effect does the use of semi annual discounting have on the value of a bond as compared to annual discounting ? How can an investor eliminate the re-investment rate risk inherent in bonds ?  
(b) A bond of Rs. 1000 face value bearing a coupon rate of 12% will mature after 7 years. What is the value of the bond if the discount rates are 14% and 12% (PVIFA 14%, 7 years 2.88, PVIFA 12%, 7 years 4.564, PVIF 14%, 7 years .400, PVIF 12%, 7 years .452)

3. What do you understand by Earning Per Share ? Explain the various traditional and modern methods of forecasting EPS.
  4. Define the various forms of the market efficiency. State the anomalies in the Efficient Market Hypothesis.
  5. How is the expected return for one security and a portfolio determined ? What is the relationship between correlation coefficient and the covariance, both Qualitatively and Quantitatively.
  6. Explain the Sharpe Index model. How does it differ from the Markowitz model ?
  7. Describe the basic Arbitrage Pricing Theory Model of two factors. What are the advantages of APT over CAPM ?
  8. Discuss briefly the concept of 'Mutual Fund'. Describe the role of Registrar, Custodians and the Fund managers in a mutual fund.
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