MANAGEMENT PROGRAMME

Term-End Examination

December, 2014

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. Define investment. Describe the steps involved in the investment process.

2. (a) Define risk. What are the different types of risks ? Explain the methods of risk handling.

   (b) A Bond with ₹ 1,000 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% ?

3. "Effective regulation is an essential condition for orderly growth of securities market". Explain this statement and discuss the broad classification of regulatory frame-work relating to financial services.

4. What is market hypothesis ? Explain the different forms and anomalies of efficient market hypothesis.

5. (a) What is technical analysis ? Explain the techniques and limitations of technical analysis.

(b) A financial analyst is analyzing two investment alternatives of X and Y. The estimated rates of return and their chances of occurrence for the next year are given below.

Probability of Occurrence	Rates of Return	
	X	Y
0.20	22%	5%
0.60	14%	15%
0.20	−4%	25%

(i) Determine each alternative's expected rate of return, variance and standard deviation.

(ii) Is alternative 'X' comparatively riskless ?

(iii) If the financial analyst wishes to invest half in alternative Y and another half in X, would it reduce risk ? Explain with reason.

6. Explain the Principle of Dominance. Define the Efficient Portfolio and Efficient Frontier.

7. Describe the portfolio management services offered by stock brokers and merchant banks ?

8. "In the Indian context, buy - and - hold is a better strategy compared to any of the portfolio revision strategies". Comment.

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MS-44 2