

MANAGEMENT PROGRAMME

Term-End Examination

December, 2016

02625

**MS-044 : SECURITY ANALYSIS AND
PORTFOLIO MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

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- Note :** (i) *Attempt any five questions.*
(ii) *All questions carry equal marks.*
(iii) *Present value and annuity tables are to be provided, if asked for.*
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1. Distinguish between Investment, Speculation and Gambling. What is the usefulness of a Sound Investment Plan ?
2. (a) Why do companies issue shares in primary market ? What is the relationship between the new issue market and the secondary market ?
(b) ABC company stock is currently selling at ₹ 25 per share. The stock is expected to pay ₹ 1 as dividend per share at the end of the next year. It is reliably estimated that the stock will be available at ₹ 29 at the end of one year.
 - (i) If the forecast about the dividend and price are accurate, is it advisable to buy at the present price, if the required rate of return is 20%.

- (ii) If the investor's required rate of return is 15% and the dividend remains constant, what should be the price at the end of the first year ?

You are required to calculate the value of the firm's shares in (i) and (ii) situations above.

3. "Stock Exchanges are institutions of economic growth, liquidity and industrial support". Discuss.
4. How is Sharpe model an improvement over Markowitz model ? Explain the procedure for portfolio risk measurement under Sharpe model.
5. (a) Discuss about the techniques employed for testing market hypothesis.
(b) Consider the following data for a particular sample period :

	Portfolio P	Market M
Average return	0.35	0.28
Beta	1.2	1.0
Standard Deviation	0.42	0.30
Non-systematic risk	0.18	0

Calculate the following measures for portfolio P and the Market M, the risk free rate of return is 0.06.

- (i) Sharpe, Treynor and Jensen
(ii) By which measures did portfolio P outperform the market ?
6. What are oscillators ? How are they different from moving averages ? Would you recommend the usage of an oscillator ? Explain.

7. Describe the restrictions placed by Securities and Exchange Board of India on Investments by Mutual Funds. Discuss the norms which Mutual Fund Manager takes into consideration while buying the Non-convertible debentures and the equity shares.

 8. What do you mean by Formula plans ? Critically examine the formula plans and discuss their limitations.
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