

**MANAGEMENT PROGRAMME**

**Term-End Examination**

**December, 2017**

**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.*
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1. Describe the role of SEBI in regulation of mutual funds and investors protection in India.
  
2. (a) What are the features of common stock ? Briefly explain the dividend capitalization model of common stock valuation.  
(b) A company is currently paying a dividend of ₹. 2.12 per share. The dividend is expected to grow at a 9 per cent annual rate for 3 years, then at 6 per cent rate for ever. What is the PV of the share, if the capitalization rate is 7 per cent ? The PV factor at 7% for year 1 to 5 are .935, .873, .861, .763, .713 respectively.
  
3. Distinguish between fundamental and technical analysis. What are the various tools used in technical analysis of investment ?

4. Explain the significance of the co-variance in calculating portfolio risk. Under what circumstances will the variance of a very large portfolio diminish to zero ?
5. (a) What is efficient portfolio ? Discuss the various steps involved in selecting an optimal portfolio.
- (b) A portfolio consists of four securities (A), (B), (C) and (D). Basic data is shown below. Calculate return and risk.

Security	Proportion of Investment	Alpha ( )	Beta ( )	Residual Variance
(A)	0.3	2.50	1.8	270
(B)	0.2	0.75	0.9	140
(C)	0.4	3.25	2.3	195
(D)	0.1	1.00	0.5	098

Market return = 15%; Market return variance = 130

6. Distinguish between Treynor and Sharpe indices of portfolio performance. Which one do you recommend ? Why ?
7. What are Formula Plans ? Critically examine the formula plans and discuss their limitations.
8. Write short notes on :
- Security Analysis
  - Asset Management Company
  - Disinvestment
  - Moving average