MANAGEMENT PROGRAMME (M. P.)

Term-End Examination

December, 2020

MS-44 : SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time : 3 Hours   *Maximum Marks : 100*

Note : *Attempt any **five** questions. All questions carry equal marks.*

1. As an investment advisor what factors would you suggest while deciding the investment portfolio of a client ? Explain briefly.

2. (a) Explain the mean-variance approach to estimation of return and risk of a security.

   (b) A bond of ₹ 1,000 was issued five years ago at a coupon rate of 6 per cent. The bond had a maturity period of 10 years as of today; therefore, five more years are left for

final repayment at par. The market interest rate currently is 10 per cent. Determine the value of the bond.

3. What do you understand by Trading System of Stock Exchanges ? Explain the various features of National Exchange for Automated Trading (NEAT) system.

4. (a) Elucidate, how is company analysis undertaken in fundamental analysis.

   (b) Discuss industry analysis using the relative valuation approach.

5. Explain Random Walk Hypothesis. What are the various levels of market efficiency ?

6. (a) What are the advantages of adopting CAPM model in the portfolio management ?

   (b) How can securities be evaluated with the help of the CAPM theory ?

7. Consider the following information for four mutual funds A, B, C and D :

	Mean return (%)	S. D. (%)	Beta
A	12	15	0.80
B	16	22	0.76
C	21	37	1.15
D	13	24	1.32

The risk-free rate of return is 10% and face value is ₹ 100 each. Evaluate the performance of these mutual funds using Sharpe and Treynor ratios. Comment on the evaluation after ranking the funds.

8. Write short notes on the following :

(a) Systematic *vs.* Unsystematic risk

(b) Japanese candlesticks

(c) CML

(d) Portfolio revision strategies

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