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MS-44

00521

MANAGEMENT PROGRAMME

Term-End Examination

June, 2012

MS-44 : SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time : 3 hours *Maximum Marks : **100***

(Weightage 70%)

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.
*(iv) Use of calculators is **allowed**.*

1. "An investment decision is essentially a choice between current and future consumption". Explain with suitable examples.

2. (a) Why is regulation necessary over the securities market ? Describe the three main types of regulatory framework relating to financial services.

(b) Prashanth has bought shares of the Everest Company which has paid Rs. 3.00 per share as dividend per share during the last financial year. He anticipates two situations either a 5 per cent decline in the dividend or a 5% growth in the dividend in the next year. His anticipated rate of return is 20%. You are required to calculate the price of the share in both the situations.

3. In what respects technical analysis is superior to fundamental analysis ? List out the major technical indicators applicable to : (i) individual stocks and (ii) the markets.

4. What is Efficient Market Hypothesis ? How is the Markowitz model useful in portfolio selection ?

5. (a) Compare and contrast the constant - dollar - value plan , constant - ratio plan , and variable - ratio plan.

   (b) Prashanth's Holdings Ltd., an investment company has invested in equity shares of a blue chip company. Its

Risk free return	(Rf)	= 9%
Expected total return	(Rm)	= 16%
Market sensitivity index	(Bi)	= 0.8

   Calculate the expected rate of return on the investment made in the security.

6. What are the basic assumptions of Arbitrage Pricing Theory (APT) ? Discuss the problems associated with the empirical testing of APT.

7. Write short notes on ***any Four*** of the following :

   (a) Risk and Uncertainty

   (b) Yield to maturity (YTM)

   (c) Security market line (SML)

   (d) Filter Rule

   (e) Treyner's Index

   (f) Naive Diversification

8. (a) Discuss the concept of Mutual Fund and explain the restrictions imposed by SEBI on the investments made by Mutual Funds.

(b) Explain the different types of Mutual Fund schemes available to the Indian investors. What are the reasons for floating different types of schemes ?