MANAGEMENT PROGRAMME

Term-End Examination

June, 2021

MS-044 : SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time : 3 hours *Maximum Marks : 100*
(Weightage : 70%)

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

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1. Explain how investment opportunities should be evaluated on the basis of risk-return trade-off. Explain with example.

2. (a) Describe the multiplier approach to share valuation.

(b) A company has an EPS of ₹ 20·67. Its return on equity is 15% and it follows a policy of retaining 60% of its earnings. If the opportunity cost of capital is 18%, what would be the price of the share today ?

3. Discuss the trading system in stock exchanges. Mention some of the recent reforms in the trading system in India.

4. What are the premises of technical analysis ? What are the differences between technical and fundamental analysis ?

5. Define Markowitz diversification and also explain the statistical method used by Markowitz to reduce the risks.

6. The following data are available to you as portfolio manager :

Security	Estimated return (%)	Beta	SD (%)
A	30	2·0	50
B	25	1·5	40
C	20	1·0	30
D	11·5	0·8	25
E	10·0	0·5	20
Market Index	15	1·0	18
Govt. Security	7	0	0

In terms of the security market line, which of the securities listed above are underpriced ?

7. What do you mean by Portfolio Revision ? Describe the major constraints in portfolio revision.

8. What are the various types of mutual fund schemes available in India ? Explain their features.