

## MANAGEMENT PROGRAMME

### Term-End Examination

June, 2022

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

*Time : 3 hours*

*Maximum Marks : 100  
(Weightage : 70%)*

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

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1. What are the different attributes to be considered before investing ? Discuss.
2. (a) How is multiple year holding stock prices estimated with two-stage and three-stage growth models ?  
(b) A bond of ₹ 1,000 was issued five years ago at a coupon rate of 6 percent. The bond had a maturity period of 10 years and as of today, five more years are left for final repayment at par. The current market interest rate is 10 percent. Determine the value of the bond.

3. What do you understand by “Order Books” ? Explain in detail the order matching rules followed to execute trades on Indian Stock Exchanges.
4. (a) Elucidate how company analysis is performed through fundamental analysis.  
(b) Compare and contrast efficient market hypothesis with fundamental and technical analysis.
5. Describe the valuation of stocks using Capital Asset Pricing Model (CAPM).
6. (a) Define Markowitz diversification and also explain the statistical method used by Markowitz to reduce the risks.  
(b) Explain the concept of Efficient Frontier in the context of Portfolio Selection.
7. Vijay Enterprise has a beta of 1.5. The risk free rate is 7% and the expected return on the market portfolio is 14%. The company pays a dividend of ₹ 2.50 per share and the investor expects a growth in dividend of 12% per annum for many years to come. Compute the required rate of return on the equity according to CAPM. What is the present market price of the equity share assuming the computed return is the required return ?

**8.** Write short notes on the following :

- (a) Odd Lot Trading
  - (b) Point and Figure Charts
  - (c) Serial Bond
  - (d) Market Risk
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