MANAGEMENT PROGRAMME

Term-End Examination

December, 2010

05302

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 calculator is allowed.

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1. Explain the principles of Portfolio Management. Distinguish between Security Analysis and Portfolio Management.

2. (a) Discuss the various measures taken by the SEBI for increasing liquidity in the stock markets.

   (b) Mr. Prashanth holds a debenture of Rs. 100 carrying a coupon rate of 12% p.a. The interest is payable half - yearly on 30th June and 31st December every year. The maturity period of the debenture is 6 years and it is to be reduced at a premium of 10%. The investor's required rate of return is 14% p.a. Compute the value of the debenture.

3. "Estimation of equity price is the main challenge in the entire process of equity investment decision". Discuss.

4. Define Capital Asset Pricing Model. What are the basic assumptions underlying Capital Asset Pricing Model ?

5. (a) Explain the Markowitz Theory of Portfolio Analysis. Is Sharpe's Model an improvement over Markowitz Theory ?

   (b) Mr. Vijay is having units in a mutual fund for the past three years. He wants to evaluate its performance by comparing it to the market.

	Fund	Market
Return	70.60	41.40
Standard deviation	41.31	19.44
Risk free rate	2 %	2 %
B	1.12	–

   Find out Sharpe and Treynor indices. Comment.

6. What do you understand by Portfolio Revision ? Discuss the various constraints in portfolio revision.

7. Distinguish between *any four* of the following :

   (a) Index fund and fund of funds.

   (b) Load fund and No load fund.

   (c) Open-ended fund and close-ended fund.

   (d) I.P.O. and private placement.

   (e) Merchant banking and Commercial banking.

   (f) Net assets value and net present value.

8. Write short notes on *any four* of the following :

   (a) Systematic and Non-systematic risks.

   (b) Deep discount bond.

   (c) Security market line.

   (d) Dow theory.

   (e) Efficient frontier.

   (f) Benchmark portfolio.