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MS-44

04494

MANAGEMENT PROGRAMME

Term-End Examination

June, 2011

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.*

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1. What do you understand by 'investment ' ? Explain the various factors, which form the basis of the investment process.

2. (a) Discuss the main provisions of the Securities Contracts (Regulation) Act, 1956 governing the Stock Exchange in India.

(b) The company GVK's next year dividend per share is expected to be Rs 3.50. The dividend is expected to grow at a rate of 10 percent per year in subsequent years. If the required rate of return is 15 percent per year, what should be the price of its shares ? The prevailing market price is Rs. 75 per share.

3. What is Fundamental Analysis ? Bringout its relevance to the security analyst.

4. What is Efficient Market Hypothesis (EMH) ? Explain the techniques for testing the various forms of E.M.H.

5. (a) What do you mean by Formula plans ? Critically examine the formula plans and discuss their limitations.

(b) Compute the risk of the portfolio from the following information.

Security	Proportion of portfolio	standard deviation	Coefficient of correlation
A	0.20	0.2	r_{AB} 0.5
B	0.20	0.3	r_{BC} 0.3
C	0.60	0.5	r_{AC} 0.1

6. Compare and contrast Capital Asset Pricing Model Arbitrage Pricing Theory (CAPM) and (APT) which of the two is a better model for pricing risky assets and why ?

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

   (a) Systematic and unsystematic risk

   (b) Dow Theory

   (c) Efficient Frontier

   (d) Sharpe's Single Index Model

   (e) NSDL

   (f) Treyner's Index

8. (a) "Mutual funds provide stability to share prices, safety to investors and resources to prospective entrepreneurs". Comment.

   (b) Briefly discuss the different types of Mutual Fund Schemes introduced in India.