

MANAGEMENT PROGRAMME (MP)

Term-End Examination

December, 2024

**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.

1. Define investment decision. How does investment differ from speculation and gambling ? Describe the steps involved in the investment process.
2. (a) Compare the risk-return trade-off across different asset classes and explain how it affects investment decisions.

(b) Abhiram & Co. paid ₹ 2.75 in dividends on its equity shares last year. Dividends are

expected to grow at a 12 percent annual rate for an indefinite number of years.

- (i) If Abhiram's current market price is ₹ 37.50, what is the stock's expected rate of return ?
 - (ii) If your required rate of return is 14 percent, what is the value of the stock for you ?
 - (iii) Should you make the investment ?
3. "Evaluation of management of a company is the main challenge in company analysis." Comment and discuss the steps to be taken to evaluate the strength of the management.
4. Describe the process of conducting an industry analysis. How does the knowledge of industry dynamics help an investor make more informed decisions ?
5. Explain the Dow Theory and its basic principles. How does the Dow Theory guide technical analysts in identifying trends and making predictions about market movements ?

6. You are an investment manager and have constructed a portfolio with the following details :

Portfolio Return (R_p) : 10%

Risk-Free Rate (R_f) : 3%

Portfolio Beta (β) : 1.2

Market Return (R_m) : 8%

Calculate the following performance metrics for the portfolio :

- (a) Sharpe Ratio
 - (b) Jensen's Alpha
 - (c) Treynor Ratio.
7. What is the Security Market Line (SML) ? Explain how it helps investors to evaluate the risk and return relationship of individual securities within a portfolio.
8. Write short notes on the following :
- (a) Bond Duration
 - (b) Elliott Wave Theory
 - (c) Capital Market Line
 - (d) Single Index Model

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