



Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) – 201306

**POST GRADUATE DIPLOMA IN MANAGEMENT (2019-21)
END TERM EXAMINATION (TERM -IV)**

Subject Name: **Security Analysis and Portfolio Management**
Sub. Code: PGF-02

Time: **02.30 hrs**
Max Marks: **60**

Note:

1. All questions are compulsory in Section A & C. Section A carries 8 questions of 2.5 marks each, Section B carries 5 questions of 04 marks each and Section C carries 1 Case Study of 20 marks.

SECTION - A

Attempt all questions. All questions are compulsory. 2.5×08 = 20 Marks

Q. 1 (A): List merits and demerits of financial assets from the viewpoint of an investor.

Q. 1 (B): What is secondary market. Name 5 major secondary stock market with their Indices in Asia.

Q. 1 (C): What is market capitalization and how is it calculated? Illustrate.

Q. 1 (D): Explain the divided growth model of stock valuation with its limitation

Q. 1 (E): Differentiate between common size statement analysis and comparative statement analysis.

Q. 1 (F): Explain Dow Theory?

Q. 1 (G): Describe systematic risk and its type.

Q. 1 (H): Explain why would you use Jensen ratio rather than Sharpe ratio to evaluate the portfolio performance.

SECTION - B

Attempt any five out of six questions

04×05 = 20 Marks

Q. 2: Explain how an exponential moving average is different from moving average. How the signals from MACD is used to trade stocks?

Q. 3: What is a Random walk theory? Explain different forms of market efficiencies.

Q. 4: Joan wants to buy Morning Star Company, shares that have paid a dividend of Rs 1.50 during the last financial year. Joan traditionally requires 18 per cent return from his investment. Analyst suggests that earnings and dividends on the stock will grow at a rate of 15 per cent for the next five years and thereafter at a rate of 10 per cent. What is the fair price expected by Joan?

Q. 5: Evaluate the Yield to Maturity on a 8 percent 5 year bond selling at Rs 105? The current market interest is 10 percent per annum.

Q. 6: Explain and interpret the Markowitz theory. Also discuss the Efficient frontier.

Q. 7: Stocks X and Y display the following returns over the past three years. The investor wants to invest 40 per cent of X and 60 per cent of Y of total fund.

Year	Return	
	X	Y
2014	14	12
2015	16	18
2016	20	15
2017	23	19
2018	22	20

(a) What is the expected return on portfolio? and

(b) What is the portfolio risk of a portfolio?

SECTION - C

Read the case and answer the questions

10×02 = 20 Marks

Q. 8: Case Study:

MNP Limited has made plans for the next year 2017-18. It is estimated that the company will employ total assets of Rs. 25,00,000; 30% of assets being financed by debt at an interest cost of 9% p.a.

The direct costs for the year are estimated at Rs.15,00,000 and all other operating expenses are estimated at Rs.2,40,000. The sales revenues are estimated at Rs.22,50,000.

Tax rate is assumed to be 40%.

As a fundamental analyst you are required to explain the following:

Q 8(A): Net Profit Margin and Asset Turnover

Q8 (B): Return on Assets and Return on Equity.

Mapping of Questions with Course Learning Outcome

Question Number	CLO
Q. 1 (A):	1
Q. 1 (B):	1
Q. 1 (C):	2
Q. 1 (D):	2
Q. 1 (E):	3
Q. 1 (F):	3
Q. 1 (G):	4
Q. 1 (H):	4
Q. 2:	1
Q. 3:	2
Q. 4:	2
Q. 5:	2
Q. 6:	3
Q. 7:	3
Q 8(A):	4
Q8 (B):	4

Note: Font: Times New Roman, Font size: 12.