

## VALUATION AND PORTFOLIO MANAGEMENT

### QUIZ 4 – Variant A

**Time: 20 minutes**

**Max Marks 10**

#### Instructions for Candidates

For qs 1 show proper calculations on the back of this sheet. For MCQs select the correct alternative

1. An analyst wants to use Dividend Discount Model (constant growth) model to find a justified P/E for a company Axta Ltd. The following information is given:

Current Stock price	Rs.56.94
Estimated earnings per share	Rs.1.837
Estimated Dividends for the year	Rs.0.575
Dividend growth rate	8.18%
Risk free rate	5.34%
Market Risk premium	5.32%
Beta	0.83

What is the justified P/E ratio based on the model? (correct to 2 decimal places). \_\_\_\_\_  
Show relevant calculations on the back of this sheet 5 marks

2. When a stock price breaks through the moving average from below this is considered to be:
- A bullish signal
  - A bearish signal
  - Sideways pattern
  - The starting point for a new moving average
3. Following a period of falling prices, the moving average will
- Be above the current price
  - Be below the current price
  - Be equal to the current price
  - Become more volatile than it had been before the price fell
4. A support level is:
- a level below which the market is unlikely to fall
  - a level beyond which the market is unlikely to rise
  - an equilibrium price level justified by characteristics such as earnings and cash flows
  - peak of a market wave or cycle
5. When the market breaks through the moving average line from below, a technical analyst would probably suggest that it is a good time to \_\_\_\_\_
- Buy the stock
  - Sell the stock
  - Observe the market more closely and then decide
  - Hold the stock
6. According to technical analysis, a shift in market fundamentals will
- Lead to a gradual price change that can be recognized as a trend
  - Be reflected in stock prices immediately
  - Lead to high volatility in stock prices
  - Leave prices unchanged

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**QUIZ 4 – Variant A**

Roll No.

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Name \_\_\_\_\_

Working for Question 1

Ques No	2	3	4	5	6
Answer					