

MMS/M-14
PORTFOLIO MANAGEMENT
Paper: FM -406

Time: Three Hours]

[Maximum Marks : 70

Note: Attempt any eight questions of five marks each from Part -A and three questions of ten marks each from Part -B.

PART—A

1. What are the steps involved in the traditional approach to portfolio construction?
2. Write short notes on 'covariance'.
3. What is the necessity for portfolio diversification?
4. How do the utility curves differ for risk loving, risk neutral and risk averse investors?
5. What is beta? How is it interpreted?
6. What is meant by leveraged portfolio?
7. What is the role of capital market line in portfolio management?
8. How can an investor earn risk-free arbitrage?
9. Write short note on efficient frontier.
10. What kind of security do you think you would select for your aggressive portfolio?

PART—B

11. What is portfolio management? What are the factors that a portfolio manager should keep in mind while deciding on investment ?
12. Single index model is an improvement over MPT of Markowitz. Explain your view point in detail.
13. Illustrate how would you evaluate a security with the help of CAPM theory?
14. Write short notes on the following:
 - (a) Discuss the role of characteristic line in investment management.
 - (b) How constant rupee strategy does differ from constant ratio strategy?
15. What is meant by mutual funds? Discuss in detail about the performance evaluation methods of mutual funds.