Roll No. ……………
Printed Pages : 2

MMS/M- 13
PORTFOLIO MANAGEMENT
Paper- FM- 407

Time allowed : 3 hours]   [*Maximum marks : 70*

**Note : Attempt five questions. Question No. 1 is compulsory. All questions carry
         Equal marks.**

1. **Explain briefly :**
    (a) **What is insider trading?**
    (b) **What is investment?**
    (c) **What is risk diversification?**
    (d) **Define efficient frontier.**
    (e) **Define leveraged portfolio.**
    (f) **What do you mean by utility curves?**
    (g) **What do you mean by inflation adjusted bond?**

2. **Explain the concept of modern portfolio theory. How is characteristic line
     Shown for a security? Illustrate .**
3. **What do you mean by mean-variance criterion of markowitz? Explain with
     the help of suitable examples.**
4. **Consider a portfolio of four securities with the following characteristics :**

Security	Weighting	ai	bi	Residual variance(q2ei)
1	0.2	2.0	1.2	320
2	0.3	1.7	0.8	450
3	0.1	0.8	1.6	270
4	0.4	1.2	1.3	180

**Assuming the return on market index to be 16.4 percent and the standard
deviation of return on market index to be 14 percent. Calculate the portfolio
return and risk under single index model.**

5. **Illustrate graphically how CAPM can be used for the assessing whether a
     security is under priced , over priced or correctly priced.**
6. **Write notes on the following :**
    (a) **APT**
    (b) **Capital market line.**

7. **What do you understand from portfolio management strategies? Discuss in details the formula plans.**
8. **What are the different perspectives that can be adopted for the evaluation of risk adjusted performance of the investment activity? Discuss in detail Treynor and Jensen ratio.**