

MMS/M06  
PORTFOLIO MANAGEMENT  
Paper: FM-407"

7461

Time: Three Hours]

[Maximum Marks: 70

Note:- Attempt FIVE questions in all. Question No.1 is compulsory.

All questions carry equal marks.

1. Write brief explanation of the following concepts in not more than 30-35 words each
  - (i) Optimal Portfolio
  - (ii) Risk and Return
  - (iii) Beta and Index
  - (iv) Variable ratio
  - (v) Passive Portfolio strategy
  - (vi) National Stock Exchange
  - (vii) SEBI and Indian Capital Market.
2. The equity stock of Reliance Capital is currently selling at Rs. 494 "per share. The dividend expected next year is Rs. 38 per share. The investors required rate of return in this stock is 19 percent. If the constant growth model applies to Reliance Capital, what is the expected growth rate? Also, explain as to whether you will recommend the stock or not.
3. Write short notes on:
  - (a) Marowitz and Sharpe Model for Portfolio construction; and
  - (b) CAPM Model in Security Analysis: Its Significance.
4. Raman's bond portfolio manager advises him to buy a 6 year, Rs 8,000 face value bond that gives 6.5% annual coupon payment.  
The appropriate discount is 11 %:The bond is currently selling at Rs. 7,300. Should Raman go by the manager's advice?
5. Discuss the implications of the following for an investor in security market:
  - (a) Dow theory in Indian market
  - (b) Study of Width and Breadth of market.
6. Write short notes on:
  - (a) Security Market Indicators;
  - (b) Economic and Financial connotation of Investment; and
  - (q) Principles of Investment: Risk and Return Decisions.
7. Define bond. portfolio management. How does it take place in Indian market? What is your advice for ensuring optimal return on it in the changing market scenario?'
8. What is portfolio revision? Discuss its constraints and formula plan along with suitable illustration for Indian investors.

