

Code: 17BA3T5FA

II MBA - I Semester-Regular Examinations – November 2018

SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

Duration: 3 hours

Max. Marks: 60

SECTION - A

1. Answer the following:

5 x 2 = 10 M

- a) Financial Markets
- b) Fundamental Analysis
- c) Economic Value Added
- d) Portfolio
- e) CAPM

SECTION – B

Answer the following:

5 x 8 = 40 M

2. a) Investment and Speculation are somewhat different and yet similar in certain respects. Explain.

(OR)

b) What are the objectives and functions of SEBI? Explain how SEBI is organized?

3. a) What is meant by Fundamental Analysis? How does fundamental analysis differ from technical analysis?

(OR)

b) What is meant by EMH? Explain various forms of market efficiencies.

4. a) Calculate the duration for bond A and bond B with 8% and 9% coupons having a maturity period of 4 years. The face value of the bonds is Rs.1000 each. The current yield of the bonds is 7%.

(OR)

b) How would you assess the present value of a bond? Explain various bond value theorems with example.

5. a) What are the statistical tools used to measure the risk of the securities return? Explain.

(OR)

b) The returns of two securities A and B are given below.

Probability	Security A	Security B
0.50	4	0
0.40	2	3
0.10	0	3

Recommend which security is better to invest based on return and risk?

6. a) What is Capital Asset Pricing Model? How it differ from Arbitrage Pricing Theory?

(OR)

b) The actual returns of various securities along with its beta and risk are as follows. Find out the securities that are overpriced and those that are underpriced in terms of SML.

Security	Actual Return	Beta	Risk
A	0.33	1.70	0.50
B	0.13	1.40	0.35
C	0.26	1.10	0.40
D	0.12	0.95	0.24
E	0.21	1.05	0.28
F	0.14	0.70	0.18
Nifty Index	0.13	1.00	0.20
Treasury Bills	0.09	0	0

SECTION-C

7. Case Study

1x10=10 Marks

The following table provides information regarding portfolio return and risk.

Portfolio	Expected Return	Risk
1	10	4
2	12	7
3	13	5
4	16	12
5	20	14

- i. By assuming the T-bill rate is 5%, which portfolio is the best?
- ii. Would it be possible to earn 12% return with risk of 4%?
- iii. If risk is 12%, what would be the expected return?