22MBAFM304

Third Semester MBA Degree Examination, Dec.2024/Jan.2025
Security Analysis and Portfolio Management

Time: 3 hrs.   Max. Marks: 100

Note: 1. *Answer any FOUR full questions from Q.No.1 to Q.No.7.*
2. *Question No. 8 is compulsory.*
3. *M : Marks , L: Bloom's level , C: Course outcomes.*

			M	L	C
Q.1	a.	What are derivatives? Give example.	3	L1	CO1
	b.	Distinguish between investment and speculation.	7	L1	CO4
	c.	Describe the instruments of money market.	10	L1	CO6
Q.2	a.	Define the concept of Return and Risk.	3	L2	CO1
	b.	From the given information calculate Return of portfolio and Risk of portfolio.	7	L2	CO4
Q.3	a.	Compute current price of a preference share if dividend rate is 18% on 100 rupees par value and expected rate of return is 10%.	3	L2	CO3
	b.	The earning of ABC Ltd. is expected to grow at 6% per annum. The dividend expected on the share is Rupees 2. What is the price of Equity share if IRR is 14%.	7	L2	CO3
	c.	Calculate the Macauley duration and price of the bond. If face value of bond is Rs.100 coupon is 15%, Time of maturity is 6 years and yield is 18%.	10	L2	CO3
Q.4	a.	Explain any four oscillators?	3	L3	CO5
	b.	What is Efficient Market Hypothesis? Mention the assumptions of Efficient Market Hypothesis.	7	L3	CO1
	c.	Explain Fundamental Analysis.	10	L3	CO5

Q.2 b. table:

	Security A	Security B
Returns	12 %	15%
Weights	70 %	30 %
S.D	0.1	0.2

r A.B (Correlation co-efficient) = 0.5

Q.2 c. The probability distribution of ABB stock is given below : **10 L2 CO4**

State of Economy	Probability	Rate of Return %
Boom	0.3	16
Normal	0.5	11
Recession	0.2	06

Compute Expected Return and Standard deviation.

Q.5	a.	Explain Markowitz Model in brief.	3	L3	CO5
	b.	Explain efficient frontier with diagram.	7	L3	CO3
	c.	From the information given for X and Y companies stock and sensex, calculate the systematic and unsystematic risk for both companies stock.	10	L3	CO5

	X stock	Y stock	Sensex
Average return	0.15	0.25	0.06
Variance of return	6.3	5.86	2.25
β	0.71	0.27	
Correlation co-efficient	0.424		
Coefficient of determination (r^2)	0.18		

Q.6	a.	What is NAV?	3	L4	CO1
	b.	Calculate Sharpe's ratio from the following information of two portfolios:	7	L4	CO3
	c.	Explain the different types of mutual funds in India.	10	L4	CO5

Portfolio	Return of portfolio	Risk free return	Portfolio risk
A	32	19	21
B	28	19	19

Q.7	a.	What is Credit Risk?	3	L1	CO1
	b.	Explain determinants of Interest Rate.	7	L2	CO5
	c.	What is CAPM model? Explain assumptions of CAPM.	10	L3	CO5

Q.8 Case Study:

Assume you are a portfolio manager based on the following details, determine the securities that are over priced and under priced also suggest the stocks to be purchased using SML.   **20 L3 CO5**

Security	Actual Return	β	σ
A	0.33	1.7	0.5
B	0.13	1.4	0.35
C	0.26	1.1	0.4
D	0.12	0.95	0.24
E	0.21	1.05	0.28
F	0.14	0.7	0.2

Nifty Index 0.13
T. bill rate 0.09

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