PVP 12

Code: **BA3T6F**

II MBA-I Semester-Regular Examinations FEBRUARY 2014

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Duration: 3hours Max. Marks: 70

SECTION-A

1. Answer any FIVE of the following: 5 x 2 = 10 M

a. What is speculation ?
b. What do mean by Bond?
c. What is online trading ?
d. What do you mean by Portfolio?
e. What do you mean by return?
f. What is economic value added ?
g. What do you mean by intrinsic value?
h. What is sensex ?

SECTION – B

Answer the following: 5 x 10 = 50 M

2. a) The investment process involves a series of activities starting from policy formation. Explain in brief.

OR

b) What is financial market ? Explain different classifications of financial markets.

3. a) The expected rates of return and the possibilities of their occurrence for Sterilite and GMR infrastructure scrips are given below.

Probabilities	**Return of Sterilite**	**Return on GMR**
0.05	-2.0	-3.0
0.20	9.0	6.0
0.50	12.0	11.0
0.20	15.0	14.0
0.05	26.0	19.0

Find out expected return and If an investor invests equal proportion on both stocks what would be the return and what is portfolio risk ?

OR

b) What is CAPM ? Explain different assumptions of CAPM.

4. a) Suraj is considering the purchase of a bond currently selling at Rs. 978.50. The bond has four years to maturity, face value of Rs. 1000 and 7% coupon rate. The next annual interest payment is due after one year from today. The required rate of return is 10 %. Calculate the intrinsic value (preset Value) of the bond. Should Suraj buy the bond?

OR

b) What do you by stock valuation ? explain important technique of stock valuation.

5. a) What do you mean by economic analysis ? Explain the process of economic analysis.

OR

b) Differentiate between Fundamental analysis and technical analysis.

6. a) Explain recent trends in India mutual funds Industry.

OR

b) What are merits and demerits of mutual funds in India.

SECTION – C

7. Case Study **1 x 10 = 10 M**

Financial analysts is analyzing two investment alternative of Z and Y. The estimated rates of return for the next year.

Probability	rates of Return	
	Y	Z
.20	22%	5%
.60	14%	15%
.20	-4%	25%

Determine each alternative expected rate of return, variance and deviations is stock of Y comparatively risk less.