PVP 12

Code: **BA3T6F**

II MBA - I Semester - Regular / Supplementary Examinations
DECEMBER 2016

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) Characteristics of financial markets
b) Explain the settlement procedure
c) Markowitz portfolio model
d) What is Arbitrage pricing?
e) What is Economic value added?
f) What is P/E/ Ratio?
g) What if Efficient market Hypothesis?
h) What is technical analysis?

SECTION – B

Answer the following: 5 x 10 = 50 M

2. a) Define the term investment. Discuss the different avenues top an investor for making investments.

OR

b) Discuss about the features of the instruments traded in the financial markets.

3. a) What do you mean by portfolio risk? How is it measured?

OR

b) Aravind stock has a beta of 0.5, Kumar stock has a beta of 1.2 and Mohan stock has a beta of 1.25. If the expected market return is 22% and the risk free rate is 13%,

i) What would be the expected Return of Aravind?

ii) What would be the average and expected return on portfolio, if the portfolio consists of 30% of Aravind stocks, 40% of Kumar stocks and 30% of Mohan stocks?

4. a) What are the basic features of common stock? Discuss different methods of valuation of common stock.

OR

b) A five year 8% callable bond (face value Rs.100) gives the investor the right to call the bond from the forth year onwards at Rs.100. The current market price of the bond is Rs.98.40. Compute the yield to call.

5. a) Explain the importance of industry analysis in the investment process.

OR

b) What are different forms of market efficiencies? Explain how can you test the market efficiencies?

6. a) What do you mean by mutual fund? What are its features? Explain different types mutual funds.

OR

b) Consider the following information for three mutual funds A, B and C and the market.

	Mean Return(5)	Standard Deviation(%)	Beta
A	12	18	1.1
B	10	15	0.9
C	13	20	1.2
Market Index	11	17	1.0

The mean risk free rate was 6%. Calculate the Treynor measure and Jensen measure for the three mutual funds and market Index.

SECTION – C

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

Assuming the risk free rate as 6% and given the following returns and risks, Calculate the Sharpe's measure of Portfolio Performance.

Portfolio Return	**Expected**	***σ*p**	**Beta**
Chandu and Bros.	14	3	0.4
Bomma and Bros.	20	8	1
Vishal and Bros.	26	6	1.1
Vibhav and Bros.	30	13	1.2
Kalyan and Bros.	36	15	1.4