Code No: **21BA3T5FA**

II MBA - I Semester Regular / Supplementary Examinations
DECEMBER - 2023

SECURITY ANALYSIS & POFTFOLIO MANAGEMENT

Duration: 3 Hours   Max. Marks: 70

Note: 1. This question paper contains three Parts-A, Part-B and Part-C.
2. Part-A contains 8 short answer questions. Answer any **Five** Questions.
   Each Question carries 2 Marks.
3. Part-B contains 5 essay questions with an internal choice from each unit.
   Each Question carries 10 marks.
4. Part-C contains one Case Study for 10 Marks.
5. All parts of Question paper must be answered in one place

BL – Blooms Level   CO – Course Outcome

PART - A

		BL	CO
1. a)	Explain Efficient market hypothesis.	L1	CO3
1. b)	Define YTM.	L2	CO2
1. c)	Explain P/E ratio.	L2	CO2
1. d)	What is mean by Optimum Portfolio?	L1	CO5
1. e)	Explain various sources of investments.	L3	CO1
1. f)	What is Interest rate risk?	L1	CO4
1. g)	Define Risk.	L1	CO4
1. h)	Explain types of orders in stock market.	L3	CO1

PART – B

			BL	CO	Max. Marks
		UNIT – I			
2.	a)	What is investment? Explain the scope, importance and features of a good investment.	L1	CO1	5 M
	b)	Explain Investment decision process.	L3	CO2	5 M
		OR			

3.	a)	Differentiate investment and speculation.	L3	CO1	5 M
	b)	Analyze the role of SEBI in an Indian Stock Market.	L3	CO1	5 M

UNIT – II

4.	a)	Explain YTM, AYTM and YTC. Distinguish between current yield and yield to maturity.	L3	CO1	5 M
	b)	Explain Macaulays bond duration.	L3	CO2	5 M

OR

5.	a)	Ram purchased a bond with Rs 1000 face value, 10% coupon rate, and 4 yrs to maturity. The bond makes annual interest payments, the first to be received one year from today. Ram paid Rs 1032.40 for the bond. What is YTM?	L4	CO2	5 M
	b)	If the bond can be called 2 yrs from now at a price of Rs 1100. What is the yield to call?	L4	CO2	5 M

UNIT-III

6.	a)	Differentiate between fundamental and technical analysis.	L3	CO3	5 M
	b)	Analyze Dow Theory.	L3	CO3	5 M

OR

7.	a)	Explain macro economic analysis.	L3	CO3	5 M
	b)	Analyze various forms of market efficiencies.	L3	CO3	5 M

UNIT – IV

8.	a)	Define risk. Illustrate quantification of risk with an example.	L2	CO4	5 M
	b)	What is portfolio? What are the different types of portfolio risk?	L2	CO4	5 M

OR

9.	a)	What do you mean by risk? How to Minimizing risk exposure?	L3	CO4	5 M
	b)	Define beta. What is diversification of risk?	L2	CO4	5 M

UNIT – V

10.	a)	Explain Henry markowitz's portfolio theory in detail.	L3	CO5	5 M
	b)	Explain CAPM Model.	L3	CO5	5 M
OR					
11.	a)	Explain Arbitrage pricing theory.	L3	CO5	5 M
	b)	Illustrate Sharpe single index model.	L4	CO5	5 M

PART –C

			BL	CO	Max. Marks
12.			L5	CO5	10 M

Mr.Nitin Gupta has invested Rs. 8 million each in Ashok Exports and Biswas Industries and Rs. 4 million in Cinderella Fashions, only a week before his untimely demise. As per his will this portfolio of stocks were to be inherited by his wife alone. As the partition among the family members had to wait for one year as per the terms of the will, the portfolio of share had to be maintained as they were for the time being. The will has stipulated that the job of administering the estate for the benefit of the beneficiaries and partitioning it in due course was to be done by the reputed firm of Chartered Accountants, Talwar Brothers. Meanwhile the widow of the deceased was very eager to know certain details of securities and had asked the senior partner of Talwar Brothers to brief her in this regard. For this purpose, the senior partner has asked you to prepare a detailed note to him with calculations using CAPM, to answer the following possible doubts.

1. What is the expected return and risk(Standard deviation) of the portfolio?

2. What is the scope for appreciation in market price of the three stocks are they overvalued or undervalued?

You find that out the three stocks, your firm has already been tracking two viz. Ashok Experts(A) and Biswas Industries(B)-their betas being 1.7 and 0.8 respectively. Further, you have obtained the following historical data on the returns of Cinderella Fashions(C). Find the beta of Cinderella Fashions.

Period	Market return (%)	Return on % Cinderella Fashions
1	10	14
2	5	8
3	(2)	(6)
4	(1)	4
5	5	10
6	8	11
7	10	15

On the future returns of the three stocks, you are able to obtain the following forecast from a reputed firm of portfolio managers.

State of the Economy	Probability	Returns (in percentage)				
		Treasury Bills	Ashok Exports	Biswas Industries	Cinderella Fashions	Sensex
Recession	0.3	7	5	15	(10)	(2)
Normal	0.4	7	18	8	16	17
Boom	0.3	7	30	12	24	26

Required: Prepare your detailed note to the senior partner.