Code No: MB1635/R16

MBA III Semester Supplementary Examinations, March-2022

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: 3 Hours **Max. Marks: 60**

Answer Any **FIVE** *Questions*
All Questions Carry Equal Marks
Question No. 8 is Compulsory

1.	a	What are various sources available as Alternative investment for investors?	6M
	b	What do you mean by investment? Discuss in detail objectives, types and importance of investment in India in the era of globalization. How investments differ from speculation?	6M
2.	a	i) Determine the price of RS 1000 Zero coupon bond with yield to maturity of 18% and 10 years to maturity. ii) What is YTM of this bond if the price is Rs.220?	6M
	b	A company has a book value per share of Rs.137.80/-. Its return in equity is 15% and it follows a policy of retaining 60% of its earnings. If the opportunity cost of capital is 18%, what would be the price of the share today?	6M
3.	a	Critically appraise the Dow Theory of Technical analysis	6M
	b	How does technical analysis different from the fundamental analysis? Discuss.	6M
4.	a	Describe Markowitz Portfolio Theory for portfolio selection.	6M
	b	Explain Capital Asset Pricing Model with suitable examples.	6M
5.	a	Explain the various methods of portfolio performance evaluation with an example.	6M
	b	What do you mean by portfolio management? Discuss different portfolio revision techniques.	6M
6.	a	Vijay enterprise has a beta of 1.5. The risk free rate is 7% and the expected return on the market portfolio is 14%. The company pays a dividend of Rs.2.50ps per share and the investor expects a growth in dividend of 12 % per annum for many years to come. Compute the required rate of return on the equity according to CAPM. What is the present market price of the equity share assuming the computed return is the required return?	6M
	b	Define risk and distinguish between systematic and unsystematic risk.	6M

7. a As a fundamental analyst, which aspects of a stock would you like to investigate, before recommending it to the investors? 6M

   b An investor wants to analyze his portfolio using Markowitz or Sharp techniques. His portfolio consists of 25 different stocks. He is not aware of the bits of information needed to evaluate the portfolio. He wants to adopt a technique which requires minimum information. As a portfolio manager, which method would you advise him to use? Give your reasons. 6M

8. **CASE STUDY:** 12M

   The following table provides information regarding portfolio return and risk:

Portfolio	**Expected return E(R)**	**σ**
1	10	4
2	12	7
3	13	5
4	16	12
5	20	14

   i. The Treasury bill rate is 5%. Which portfolio is best?

   ii. Would it be possible to earn 12% return which SD is of 4%.

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