AS-802

M.B.A. (Semester—IV) Examination

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT (New Course)

Paper–MBA/4102/CGF

Time : Three Hours] [Maximum Marks : 70

Note :—(1) Attempt **ALL** the questions.

(2) Figures to the right indicate full marks.

(3) Use of annuity tables showing future and present values and scientific calculator is permissible.

SECTION–A

1. (a) State the minimum requirement for listing of the securities on the Stock Exchange. Also discuss advantages of the listing. 14

OR

(b) Explain the Organization of SEBI. How far the SEBI been in a position to protect the interest of investors in Securities Market ? 14

SECTION–B

2. (a) What is Fundamental Analysis ? Explain elements one should consider in a Fundamental Analysis. 7

(b) The price of share on April 1 (Current Year) is Rs. 25 p.s. The annual dividend received at the end of the year is Rs. 1 p.s. and the price of share at the year end 31 March is Rs. 30 p.s.

Calculate :

(i) Rate of Return.

(ii) Capital Gain/Loss. 7

OR

(c) 'Chart Patterns are helpful in predicting the stock price movement.' Comment. 7

(d) Alit share is quoted at Rs. 60. It is expected the company will pay a dividend of Rs. 3 per share one year from now. The expected price one year from now is Rs. 78.50. Find out expected return and dividend yield of the share. 7

3. (a) Why is the correlation between securities returns in a portfolio important ? 7

(b) A portfolio consist of two securities A and B in the proportion of 0.60 and 0.40. The standard deviations of the return on security A and B are 10 and 16 respectively. The Coefficient of Correlation between the security A and B is 0.5. What is the standard deviation of portfolio ? 7

OR

(c) What is Portfolio Management ? What are the advantages of portfolio management ? 7

(d) The stocks ABC Ltd. and XYZ Ltd. display the following returns over the 3 year time period :

Year	**Return ABC**	**Return XYZ**
	%	%
2001	14	12
2002	16	18
2003	20	25

What is the expected return of portfolio if weight of ABC and XYZ 40% and 60% ? 7

SECTION–C

4. (a) Explain the Sharpe Index Model. How does it differ from the Markowitz Model ? 7

(b) Explain the significance of Capital Asset Pricing Model in Portfolio Management. 7

OR

(c) Explain the concept of efficient frontier in developing optimum portfolio for an investor. 7

(d) Explain the various elements of Arbitrage Pricing Theory. 7

SECTION–D

5. UTI and Reliance are the two Mutual Funds. UTI has a mean success of .15 and Reliance has .22. The Reliance has double the beta of UTI fund's 1.5. The standard deviations of UTI and Reliance funds are 15% and 21.43%. The mean return of market index is 12% and market standard deviation is 7. The risk free rate is 8%.

(A) Compare the Jensen Index for each fund. 6

(B) Compute the Treynor and Sharpe indices for the funds. Interpret the results. 8