Roll No. | | | | | | | | | | | | **Total No. of Pages : 02**

Total No. of Questions : 15

MBA (2012 & onward) (Sem.–3)

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Subject Code : MBA-921

Paper ID : [C1172]

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

INSTRUCTION TO CANDIDATES :

1. **SECTION-A contains SIX questions carrying FIVE marks each and students has to attempt any FOUR questions.**
2. **SECTIONS-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.**
3. **SECTION-C is COMPULSORY and consist of ONE Case Study carrying EIGHT marks.**

SECTION-A

1. Differentiate between investment and speculation. How do they differ from gambling?
2. Write short note on Dow Theory.
3. Discuss the single index model.
4. Write short note on portfolio construction.
5. Explain the difference between SML and CML.
6. Write a note on settlement mechanism.

SECTION -B

UNIT 1

7. Write a detailed note on nature and scope of investment management.

OR

8. What do you mean by primary market? Describe some important developments that have recently taken place in primary market of India.

UNIT 2

9. What are the assumptions and applications of technical analysis?

OR

10. What is economic analysis? Discuss the important economic forces within which the factors of investment operate.

UNIT 3

11. What is portfolio revision? What are the different methods of portfolio revision?

OR

12. Discuss in detail the capital asset pricing theory and CAPM.

UNIT 4

13. Write about the myths and realities about the derivatives markets in India.

OR

14. How are prices determined under futures contracts? List out the strategies played in the futures market.

SECTION C

15. You have recently graduated as a major in finance and have been hired as a financial planner by Radiant Securities, a financial services company. Your boss has assigned you the task of investing Rs. 1,000,000 for a client who has a 1-year investment horizon. You have been asked to consider only the following investment alternatives: T-bills, stock A, stock B, stock C, and market index.

    The economics cell of Radiant Securities has developed the probability distribution for the state of the economy and the equity researchers of Radiant Securities have estimated the rates of return under each state of the economy. You have gathered the following information from them:

Return on Alternative Investments

State of Economy	**Probability**	**T-Bills**	**Stock A**	**Stock B**	**Stock C**	**Market Portfolio**
Recession	0.2	6.0%	(15.0%)	30.0%	5.0%	(10.0%)
Normal	0.3	6.0	20.0	5.0	15.0	16.0
Boom	0.5	6.0	40.0	15.0	25.0	30.0

Your client is very curious investor who has heard a lot relating to portfolio theory and asset pricing theory. He requests you to answer the following question :

1. What is the expected return and the standard deviation of return for stocks A, B, C, and the market portfolio?
2. What is the covariance between the returns on A and B?
3. What is the coefficient of correlation between the returns on A and B?