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Total No. of Questions: 10 **Total No. of Pages: 02**

MBA (Sem.3)

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Subject Code: MBA-921

Paper ID: C1172

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

INSTRUCTIONS TO CANDIDATES:

1. **Attempt any FOUR questions from SECTION A. Each question carries FIVE marks.**
2. **There are FOUR subsections of SECTION B. Attempt ONE question from every subsection. Each question carries EIGHT marks.**
3. **SECTION C consists of a case study and carries EIGHT marks. Analyze the facts given in the following case and answer the given questions.**

SECTION A

1.

a) Discuss the difference between investment and speculation.

b) Explain all types of orders available at National Stock Exchange.

c) Explain the concept of Industry Life Cycle? Discuss various phases.

d) What is a bull market? Describe its phases with the help of an example.

e) Discuss different approaches of portfolio management.

f) Discuss the difference between a forward and a future contract?

SECTION B

Sub-Section: I

2. Describe the clearing and settlement procedure adopted in the equity segment by National Stock Exchange.

3. Explain major eligibility guidelines recommended by the SEBI for the issuers in the primary market.

Sub-Section: II

4. Discuss various reversal and continuation price patterns found in technical analysis?

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

Sub-Section: III

6. Discuss arbitrage pricing theory with the help of an example.

7. Describe Markowitz Portfolio Theory for portfolio selection.

Sub-Section: IV

8. What do you understand by a future contract? Explain with the help of an example. Discuss its features.

9. What is a call option? Explain and draw the payoff for a call buyer and a call writer.

SECTION C

10. Infosys Technologies Ltd. is going to announce its annual results on 24 April 2015. This may cause huge volatility in the stock price of Infosys Technologies Ltd. As an analyst, suggest any two different option trading strategies to your clients that can be used by them to make money. The prices of various derivative instruments are given below.
Spot Price of Infosys Technologies Ltd.: 2140
Price of Future Contract of Infosys Technologies Ltd.: 2150
Option Prices:

Price of European Call	Strike Price	Price of European Put
155	2000	17
105	2050	27
83	2100	42
56	2150	64
35	2200	92
21	2250	130
13	2300	172

Note:
(a) Each lot of Infosys Technologies Ltd. contains 125 shares.
(b) There is no transaction cost.
(c) All derivative contracts expire on 30 April 2015.

Questions: Discuss each strategy in detail using the following:
(i) Maximum loss, Break Even Point and Maximum Profit in each strategy.
(ii) Payoff of each strategy.