MB-118A

Sl.No. : **Total No. of Pages : 3**

Third Semester M.B.A. Degree Examination, May/June - 2023
(NON CBCS) (SLM Scheme)
MANAGEMENT
Security Analysis and Portfolio Management (Elective - A)

Time : 3 Hours **Max. Marks : 80**

SECTION - A

1. Answer any five sub-questions. Each subquestion carries three marks : [5 × 3 = 15]

a) What is equity share?

b) State the differences between Systematic and Unsystematic risk.

c) Write a note on different forms of Efficient Market Hypothesis.

d) What do you mean by Term Structure of Interest Rate?

e) Discuss Portfolio Diversification.

f) What is meant by Factor Sensitivity?

g) Write a note on Market Portfolio.

SECTION - B

Answer any four questions. Each question carries five marks : [4 × 5 = 20]

2. Calculate Risk and Returns on the following stocks.

Year	Return (X)	Return (Y)
2015	09	12
2016	13	09
2017	15	13
2018	17	18
2019	16	11

3. An investor purchases a bond at a price of ₹. 900 with ₹. 100 coupon (interest) payment and sells the bond for ₹. 1000. What is the holding return? If the bond is sold for ₹. 750 after receiving ₹. 100 as coupon payment, then what is the holding period return?

4. Discuss the impact of changes in interest rates and inflation rate on bonds.

5. What are the assumptions of CAPM? Distinguish between CML and SML.

6. Bring out the differences between Investment and Speculation.

7. What are the recent developments in the IPO?

SECTION - C

Answer any three questions. Each question carries ten marks : [3 × 10 = 30]

8. Stocks X and Y display the following return over the past three years.

Year	Year Return %	
	X	Y
2019	14	12
2020	16	18
2021	20	15

a) Determine the expected rate of return on portfolio made up of 40% of X and 60% of Y.

b) What is the standard deviation of each security?

c) Determine the portfolio risk of a portfolio made up of 40% of X and 60% of Y.

9. Explain the sharpe's Single Index Model. How does it differ from Markowitz Model?

10. Calculate the duration for bond A and bond B with 7 per cent and 8 per cent coupon having maturity period of 4 years. The face value is ₹. 1000, both the bonds are currently yielding 6 per cent.

11. Distinguish between Primary market and secondary market in detail.

12. Give an account of the various types of mutual funds available in the Indian capital market.

SECTION - D

13) Case (Compulsory) : **[1 × 15 = 15]**

Mr. Lokesh is having units in a mutual fund for the past three years. He wants to evaluate its performance by comparing it to the market.

	Fund	Market
Return	70.60	41.40
Standard Deviation	41.31	19.44
Risk Free Rate	2%	2%
β	1.12	--

Calculate the following performance measure and comment.

a) Sharpe

b) Jensen

c) Treynor

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