MB118A

Sl. No.

III Semester M.B.A. Degree Examination, May/June - 2026
MANAGEMENT
Security Analysis and Portfolio Management
Elective-A: Finance
(CBCS Scheme)
Course:18A

Time : 3 Hours **Maximum Marks : 80**

SECTION - A

Answer any Five sub-questions. Each sub-question carries Three marks. (5×3=15)

1. a) What is Systematic Risk?

b) Define Mutual Fund.

c) State the importance of stock exchange.

d) What is Risk Aversion?

e) What is capital market line?

f) Write a note on SEBI.

g) Define the term portfolio.

SECTION - B

Answer any Four questions. Each question carries Five marks. (4×5=20)

2. Discuss the variance and standard deviation as a measure of risk.

3. A Rs.1,000 per value bond, bearing a coupon rate of 12% will mature after 6 years. What is the value of the bond, if the discount rate is 16 percent?

4. Discuss the risks to which debt instruments are subject to various market and financial risks.

5. Explain various factors affecting for investment.

6. The expected dividend per share on the equity share of Road King Ltd., is Rs. 2.00.The dividend per share of Road King Ltd has grown over the past five years at the rate of 5% per year. This growth rate will continue in future. Further, the market price of the equity share of Road King Ltd., too,is expected to grow at the some rate. What is a fair estimate if the intrinsic value of the equity share of Road King Ltd., if the required rate is 15%?

7. How does investment differ from speculation and gambling?

[P.T.O.

SECTION - C

Answer any Three questions. Each question carries Ten marks. (3×10=30)

8. Explain the basic assumptions underlying capital asset pricing model (CAPM).

9. The price of a Rs.1,000 per bond carrying a coupon rate of 7% and maturing after 5 years in Rs. 1040.

a) What is the approximate YTM?

b) What will be the realized YTM if the reinvestment rate is 6%?

10. What is mutual funds? Explain the concept of mutual funds.

11. Calculate the expected return of risk and standard deviation for the following probability distribution?

Probability	**Returns**	**Returns**
0.4	0.12	-0.04
0.2	-0.06	0.09
0.1	0.08	-0.06
0.3	0.05	0.08

12. What is insider trading? What steps SEBI has taken to curb insider trading?

SECTION - D

(Compulsory)

Case Study. (1×15=15)

13. A women aged 55 years approaches you for an advice about her investment. Her husband left her a portfolio that consists of low yielding growth stocks that approximate their adjusted cost. She has found that the income available is not nearly enough to maintain a comfortable standard of living. She needs Rs. 2,00,000 income before taxes from her investments. The current market value of the portfolio is Rs. 20,00,000 and its current yield is only 7%. She will need this higher income for next 10 years.

Questions:

a) List out investment avenues in order to increase the annual income to Rs. 2,00,000.

b) Mention the important investment attributes for widow.

c) Mention the proportionate investment of alternative security she can invest in order to increase portfolio returns and reduce portfolio risk.

d) List out the assumptions you made regarding the investment environment, conditions and situations.

———————