MB-118A

Sl.No. :

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Third Semester M.B.A. Degree Examination, May - 2025
(SLM Scheme) (Non CBCS)
MANAGEMENT
FINANACE
Security Analysis and Portfolio Management (Elective - A)

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

SECTION - A

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

1. **a.** What is SENSEX?

b. What do you mean by Sweat Equity Share?

c. What is short sale?

d. What do you mean by active and passive management?

e. A bond of Rs. 100 par value bearing a coupon rate of 9% will mature after 4 years. What is the value of bond, if the discount rate is 13%.

f. State any three differences between CML & SML.

g. State any three differences between Investment & Speculation.

SECTION - B

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

2. Define Risk. Explain different types of Risk.

3. What is mutual fund? State its advantages.

4. Kavitha wants to purchase the stock of X and Y with the following information. Find out the expected return, variance and SD. Which is preferable?

Return in %		**Probability**
X	**Y**	
5	6	0.05
8	8	0.15
– 4	10	0.35
14	12	0.45

5. Define the new issue market. How is it related to the secondary market.

6. Prem is considering the purchase of bond currently selling at Rs. 878.50. The bond has 4 years to maturity, face value of Rs. 1000 & 8% coupon rate. The next annual interest payment is due after one year from today. The required rate of return is 10%.

i) Calculate the intrinsic value of the bond, should Prem buy the bond?

ii) Calculate the YTM.

7. What do you mean by CAPM? Explain its assumption.

SECTION - C

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

8. What are the various forms of investment alternatives? Give a detailed account of any five.

9. Data for 2 mutual funds and the market portfolio is given. Assume a risk free rate of return as 4%.

Protfolio	Returns (%)	SD (%)	Beta
DSP	22	10	1.21
ICICI	15	6	0.75
BSE Sensex	18	8	1.00

Evaluate portfolio using Sharpe's, Treynor's and Jensen's measures.

10. Arun buys a bond with 5 years to maturity. The bond has a coupon rate of 8.5% and is priced at Rs. 954 in the market. The bond has a face value of Rs. 1000 and a YTM of 10%. What is the duration of the bond? Also calculate the modified duration of the bond. What does it signify?

11. Explain in detail about Efficient Market Hypothesis.

12. ABC earnings and dividends have been growing at a rate of 18% per annum. Its growth rate is expected to continue for 4 years. After that the growth will fall to 12% for next 4 years. Thereafter the growth rate is expected to be 6% for ever. If the last divided per share was Rs. 2 and the investors' rate of return on ABC is 15%. What is the intrinsic value per share?

SECTION - D

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

The stock L & M have yielded the following returns for past two years.

Years	2014	2015
Return of Stock L	12%	18%
Return of Stock M	14%	12%

a. What is the Expected return On Portfolio made up of 60% of L and 40% of M?

b. Find the standard deviation of each stock.

c. What is the co-variance and co-efficient of relation between L & M. Calculate Portfolio Risk.