MBSC-3.3 A

Sl.No. :

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Third Semester M.B.A. Degree Examination, June/July - 2024
(CBCS) (SLM Scheme)
MANAGEMENT
ELECTIVE - A: FINANCE
Security Analysis and Portfolio Management

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

SECTION - A

Answer Any FIVE questions. Each question carries FIVE Marks. [5 × 5 = 25]

1) Differentiate between Investment from speculation?

2) Do company analysis (as part of fundamental analysis) for one firm of your choice.

3) What is Risk in investment? Explain different types of risk.

4) Santosh owns Rs. 2,000 face value bond with 10 years to maturity. The bond has an annual coupon of Rs.150. The bond is currently priced at Rs. 1960. Given an appropriate rate of 10%, should Santosh hold or sell the bond?

5) The Following information is given regarding the performance of the funds viz., Reliance Securities, ICICI Securities and Angel investors Ltd.

The Risk free rate is 4.5% Rank them with the help of Sharpe Index.

	Rp	SDp	β
Reliance Securities	25.38	4	0.23
ICICI Securities	25.11	9.01	0.56
Angel investors Ltd.	25.01	3.55	0.59

6) Calculate RSI for the following security.

Date	Jan 01	Jan 02	Jan 03	Jan 04	Jan 05	Jan 06	Jan 07	Jan 08	Jan 09	Jan 10
Sec. Price (in Rs)	2552	3550	2873	2675	3516	2651	2316	2876	2967	2769

7) Stock Y and Z have the following parameters

	Stock Y	**Stock Z**
Expected return	20	30
Expected variance	16	25
Covariance YZ	20	

Is there any advantage of holding a combination of Y and Z?

SECTION - B

Answer any FOUR sub questions. Each question carries TEN Marks

[4 × 10 = 40]

8) How do you differentiate stock exchanges from New issue market? Explain in detail.

9) How would you assess the present value of a bond? Explain the various bond value theorems with examples.

10) Define technical analysis. Explain different types of charts used in technical analysis.

11) Following information is provided regarding the performance of the funds viz., ABC, MNO and PQR for the period of 6 months ending December, 2018. The risk free rate of interest is assumed to be at 9%. Rank them with the help of Sharpe Index for portfolio evaluation;

Funds	$\mathbf{R_p}$	σ_P
ABC	25.38	4.00
MNO	25.11	9.01
PQR	25.01	3.55

12) The following table provides information regarding the portfolio return and risk

Portfolio	Expected Return E(R)	SD
1	10	4
2	12	7
3	13	5
4	16	12
5	20	14

a) The treasury bill rate is 5%, which portfolio is the best?

b) Would it be possible to earn 12% return with SD of 4%?

c) If SD is 12% what would be the expected return

13) Calculate 3-Day, 5-Day and 10-Day Moving Average from the following;

Days	1	2	3	4	5	6	7	8	9	10	11
Price of Security	125	120	140	125	100	110	105	110	115	105	120

SECTION - C

14) Case (Compulsory) **[1 × 15 = 15]**

Following are the details of BSE Sensex values and TCS stocks for the month of December, 2023 on BSE;

Date	TCS Closing Price (Rs.)	Sensex Values
3-Dec-22	1982.2	36241
4-Dec-22	2009.4	36134
5-Dec-22	2006.1	35884
6-Dec-22	1991.75	35312
7-Dec-22	1995.95	35673
10-Dec-22	1974.9	34960
11-Dec-22	1998.35	35150
12-Dec-22	2018.7	35779
13-Dec-22	1983.65	35930
14-Dec-22	1989.25	35963
17-Dec-22	1993.25	36270
18-Dec-22	1987.7	36347
19-Dec-22	1967.2	36484
20-Dec-22	1956.35	36432
21-Dec-22	1897.25	35742
24-Dec-22	1915.55	35470
26-Dec-22	1889.5	35650
27-Dec-22	1909.45	35807
28-Dec-22	1895.8	36077
31-Dec-22	1893.55	36068

From the above details, calculate;

a) Average returns of TCS for the month of December, 2022
b) Risk of TCS stock using standard deviation
c) Beta for TCS stock
d) Alpha for TCS stock