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Code No: BA1919

GEC-R14

MBA III Semester Supplementary Examinations, May 2017

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(Master of Business Administration)

Time : 3 Hrs.

Max. Marks : 60

Note: Answer All Sections of Questions.

All Questions from SECTION-A are to be answered at one place.

SECTION-A

6 × 2 = 12M

1. Write about Stop Loss Order.
2. Define Purchasing Power Risk.
3. What do you mean by Bond Immunization?
4. Define P/E Ratio.
5. Write about Call Options.
6. Define Swaps.

SECTION-B

3 × 12 = 36M

1. a) Describe the various functions of stock exchanges.
(OR)
b) Explain the mean-variance approach to estimation of return and risk of a security.
2. a) Write notes on (i) Capital Market Line and (ii) Security Market Line.
(OR)
b) Explain the principles of Bond Pricing Theorem.
3. a) A company paid a cash dividend of Rs 4 per share on its stock during the current year. Forecasts suggest that earnings and dividends of the company are likely to grow at the rate of 8% over the next five years and at the rate of 5% thereafter. Investors have traditionally required rate of return of 16% on these shares. What is the intrinsic value of the share.
(OR)
b) Explain the concept of Mutual fund.

SECTION-C

1 × 12 = 12M

Case Study

The following information is available related to four portfolios.

Particulars	Portfolio A	Portfolio B	Portfolio C	Portfolio D
Beta	1.1	0.8	1.8	1.4
Return (%)	14.5	11.25	19.75	18.5
Standard Deviation (%)	20.0	17.5	26.3	24.5

The Risk free rate of return is 6% and Market Return is 12%.

Rank the portfolios based on Sharpe, Treynor and Jensen Index.