3M3011

Roll No. 13MBCXX636

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M. B. A. III Sem. (Main) Exam., Jan. 2015
Finance
M-310 Security Analysis & Portfolio Management

Time: 3 Hours

Maximum Marks: 70
Min. Passing Marks: 28

Instructions to Candidates:

(i) *The question paper is divided in two sections.*

(ii) *There are sections A & B. Section A contains* **6** *questions out of which the candidate is required to attempt any* **4** *questions. Section B contains short case study / application based question which is* ***compulsory.***

(iii) *All questions carry* ***equal*** *marks.*

1 Nil

2 NIL

SECTION - A

Q 1 (a) What is investment? Differentiate it with saving. [3+3=6]

(b) What are government securities? Why it is not so popular than the corporate security? [4+4=8]

Q 2 What short notes on:

(a) SEBI

(b) Invesument Alternatives

(c) RBI

(d) Investor Protection [3.5×4=14]

Q 3. What is the trading system in stock exchanges in India? Explain the trading procedure? [7+7=14]

Q 4 Differentiate between Markowitz' approach and Sharpe's single index model selecting portfolio [14]

Q 5 (a) What is CAPM? How can dominant portfolios be created with help of CML?

(b) The risk – free rate of return and the return of market portfolio is 8% and 20% respectively. Construct the following portfolios if standard deviation of market return is 15 percent :-

(i) Portfolio that offers a return of 16%

(ii) Portfolio that carries 12% risk. [7+7=14]

Q 6 What do you mean by industry analysis? What factors would you look for in analysis of particular industry? [14]

SECTION – B

Q 7 An investor wants to build a portfolio with the following four stocks, with the given details find out his portfolio return and portfolio variance. The investment is spread equally over the stocks.

Company	α	β	Residual variance
A	0.17	0.93	45.15
B	2.48	1.37	132.25
C	1.47	1.73	196.28
D	2.52	1.17	57.98

Market return (R_m) = 11

Market return variance = 26 [7+7=14]
