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Total Number of Pages: 02

**MBA**  
**15 MNG 304B**

**3<sup>rd</sup> Semester Regular Examination – 2016-17**  
**SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**

**BRANCH: MBA**

**Time: 3 Hours**

**Max marks: 100**

**Q Code: Y741**

**Answer Question No.1 & 2 which are compulsory and any four from the rest.**  
**The figures in the right hand margin indicate marks.**

**Q1** Answer the following questions: (2 x 10)

- (a) Diversifiable risk and Non-diversifiable risk results in \_\_\_\_\_ risk.
- (b) Errors of judgement by management (choose one: diversifiable / undiversifiable) is a source of \_\_\_\_\_ risk.
- (c) The impact of demonetization on security prices is an example of \_\_\_\_\_ risk. (choose one: systematic / un-systematic)
- (d) \_\_\_\_\_ is a measure of the rate of change of return of a security due to change in the market return. (Alpha / Beta)
- (e) A portfolio that gives highest return with lowest risk is known as \_\_\_\_\_. (choose one: Excellent / Optimal / Feasible set)
- (f) Through \_\_\_\_\_ analysis, one predicts the future based on past trends.
- (g) Daily price fluctuations are also known as \_\_\_\_\_ movements. (Choose one: primary / secondary / tertiary)
- (h) When all information whether public or confidential are reflected in the current share prices, we refer to \_\_\_\_\_ form of market efficiency. (choose one: strong / semi-strong / weak)
- (i) All investments must result in \_\_\_\_\_ (choose one: acquisition of asset / high return / low risk)
- (j) Borrowing money to purchase securities is known as \_\_\_\_\_.

**Q2** Explain the following notions of concepts: (2x10)

- (a) Notion of dominance.
- (b) Systematic risk.
- (c) Investment Vs Gambling.
- (d) Sharpe's single index model
- (e) Sunrise industries.
- (f) Three phases of a bull market.
- (g) Support and resistance levels.
- (h) Measurement of risk under 2 asset case portfolio.
- (i) Rupee cost averaging.

(j) SML Vs CML

Q3 What is a portfolio? What are the different phases in portfolio management? Explain in detail. (15)

Q4 What is risk? Discuss the elements of risk. How do you measure the risk and return of a portfolio comprising 3 assets only. (15)

Q5 What is technical analysis? What are its basic principles? Discuss different form of charts. (15)

Q6 What is a feasible set of portfolios? Examine the contribution of Markowitz in portfolio selection. Do you see any short comings in Markowitz model? Discuss. (15)

Q7 The variance and covariance matrix is given below: (15)

Wt.		0.2	0.3	0.5
		A	B	C
0.2	A	52	63	36
0.3	B	63	38	74
0.5	C	36	74	45

Find the portfolio risk.

Q8 The following table shows the returns of securities X and Y in a portfolio. Find: (15)

- (a) Covariance.
- (b) Correlation coefficient.
- (c) Portfolio return.
- (d) Portfolio risk

Year	Return (X) %	Return (Y) %
2010	40	-10
2011	-10	40
2012	35	05
2013	-5	35
2014	15	15