Registration No :

Total Number of Pages : 02 **MBA**

15MNG304B

3rd Semester Regular / Back Examination 2018-19

SECURITY ANALYSIS & PORTFOLIO MANAGEMENT (SAPM)

BRANCH : MBA

Time : 3 Hours

Max Marks : 100

Q.CODE : E328

Answer Question No.1 (Part-1) which is compulsory, any EIGHT from Part-II and any TWO from Part-III.

The figures in the right hand margin indicate marks.

Part- I

Q1 **Short Answer Type Questions (Answer All-10)** **(2 x 10)**

a) Distinguish between investment and gambling.
b) What exactly do you do in security analysis?
c) Which are non-marketable financial assets?
d) Explain business risk and financial risk.
e) What do you mean by risk return relationship?
f) What are the elements of return? Write the formula to compute return.
g) What does fundamental analysis involve?
h) What is a short sale? Explain with example.
i) What is breadth of market? What do we try to get from finding the breadth of market?
j) What is random walk theory?

Part- II

Q2 **Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve)** **(6 x 8)**

a) Explain the characteristics of different types of speculators.
b) What are the different types of investment alternatives available for a genuine investor in India? Discuss
c) Explain with suitable graphs the concepts of SML and CML and bring out the relevance.
d) Discuss the need for and constrains in portfolio revision.
e) Calculate the performance measure of the portfolio A and B in terms of Sharpe ratio and Jensen and Treynor ratio from the following data;

Particulars	Portfolio A	Portfolio B
Average Return	35%	28%
Beta	1.2	1.0
Standard Deviation	42%	30%
Non Systematic Risk	1.18	0
The risk free rate during the period was 6%.		

f) How many parameters must be used to analyze the risk return profile of a 45 stock portfolio using the Markowitz modal and Sharpe single index model.
g) Explain through an appropriate matrix to compute the risk and return of a portfolio consisting of stocks of 4 (Four) different companies.

h) Explain the nature of efficient frontier with riskless lending and borrowing. Use graph and imaginary figures to explain this.

i) Discuss the efficient market hypothesis and implications of random walk theory .

j) Mr.Shyam has the following scrips in his portfolio :

Industries	**Beta**	**Proportion of Investment**
Acc Ltd	0.8	20
SBI	1.25	30
Bombay Dyeing	0.9	15
BSES	1.1	20
GE	1.5	15

The risk free return is 5%.and the market return is 14%.What is the return of this portfolio?

k) Explain Dow theory.

l) What is RSI? Explain its calculation and interpretation.

Part-III

Long Answer Type Questions (Answer Any Two out of Four)

Q3 Is it necessary to revise the portfolio frequently?What problemswould you encounter for resorting to this? Discuss the different formula plans available for revising the portfolio. **(16)**

Q4 Discuss the fundamental principle and assumptions in fundamental analysis. Discuss the factors affecting industry analysis. **(16)**

Q5 How do you construct an optimal portfolio? Discuss the contribution of Harry Markowitz in portfolio selection. Explain with suitable diagram. Discuss its assumptions and limitations too. **(16)**

Q6 **Write short notes :**

a) Margin Trading **(8)**

b) Non-financial indicators in company analysis **(8)**