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Paper Code: MBA-FM-02

**MBA**  
**THIRD SEMESTER EXAMINATION, 2016-2017**  
**SECURITY ANALYSIS AND INVESTMENT MANAGEMENT**

[Time: 3 Hours]

[Total Marks: 100]

**Note:** Attempt *ALL* questions. Assume suitable data, if required. All question carry equal marks.

1. Attempt any four parts of the following:

(5x4=20)

- (a) Write short note on shares and bonds.
- (b) Mr. Sharma purchased a bond at a price Rs 900 with Rs 100 as a coupon payment and sold it as Rs 1000. What is his holding period return? If the bond is sold for Rs 750 after receiving Rs 100 as coupon payment, then what is the holding period return?
- (c) What do you understand by derivatives?
- (d) Explain Beta as a measure of Risk.
- (e) "Stock prices series is a wandering one. They appear to be random; each successive change is independent of the previous one." Discuss the above statement.

2. Attempt any two parts of the following:

(10x2=20)

- (a) Discuss the role of stock exchanges.
- (b) Discuss in detail the measures taken by SEBI for protecting the rights of investors in stock market.
- (c) What are different factors that are to be considered by the investors in his investment?

3. Attempt any two parts of the following:

(10x2=20)

- (a) "Investor in general would like to analyze the risk factors and thorough knowledge of the risk helps him to plan his portfolio in such a manner so as to minimize the risk associated with the investment." Critically examine the above statement and discuss the different risk associated with the investment.
- (b) Explain fundamental approach of E-I-C Analysis.
- (c) Discuss the Bond theorems.

4. Attempt any two parts of the following:

(10x2=20)

- (a) Discuss the Single Index Model. What are the assumptions of this model?

- (b) From the following daily prices of the Bajaj Auto Stock and the NSE index for the period 5<sup>th</sup> October 1998 to 16<sup>th</sup> October 1998. Calculate Beta, Alpha and correlation co-efficient and give interpretation of the results.

Date	NSE index(X)	Bajaj Auto (Y)
October 5	904.95	597.80
October 6	845.75	570.80
October 7	874.25	582.95
October 8	847.95	559.85
October 9	849.10	554.60
October 12	835.80	545.10
October 13	816.75	519.15
October 14	843.55	560.70
October 15	835.55	560.95
October 16	839.50	597.40

- (c) Details of different securities are given. Find out which securities are underpriced and overpriced in terms of the security market line. Risk free return is 0.09.

Security	Expected return	Beta
A	0.33	1.7
B	0.13	1.4
C	0.26	1.1
D	0.12	0.95
E	0.21	1.05
F	0.14	0.70
Nifty Index	0.13	1.00

5. Attempt any two parts of the following: (10x2=20)

- (a) Discuss in brief the various techniques used for evaluating the performance of existing portfolio.
- (b) Analyze the different types of Mutual Funds and discuss their advantage for investors.
- (c) The following three portfolio provides the particulars given below

Portfolio	Average Annual Return	Standard deviation	Beta
A	18	27	1.8
B	14	18	0.9
C	15	8	0.6
Market	13	12	-

Risk free rate of interest is 9.

- (i) Rank these portfolios using Sharpe's and Treynor's methods.
- (ii) Compare both the indices and give interpretation of the result.