Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER (3) – EXAMINATION – SUMMER 2018

Subject Code: 2830203 **Date: 05/05/2018**

Subject Name: Security Analysis & Portfolio Management (SAPM)

Time: 02:30 PM To 05:30 PM **Total Marks: 70**

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q. No.	Answer by selecting a correct choice for the given questions				06
Q.1 (a)	The present rolling settlement system in BSE is				
1.	A.	T + 1	B.	T + 2	
	C.	T + 5	D.	T+ 7	
2.	Interest rate risk occurs when				
	A.	The market price of bond moves inversely to the prevailing market interest rate	B.	The variability in yield is due to the market interest rate fluctuations	
	C.	There is variability in coupon interest rate	D	All of them	
3.	The independent directors in the board contribute much to the				
	A.	Corporate Culture	B.	Employee Morale	
	C.	Production	D.	Corporate Governance	
4.	The market value of a share is determined by				
	A.	Dividend declared by the company	B.	Present status of stock market	
	C.	Interaction of demand & Supply	D.	Number of shares floating	
5.	The stock above the security line is				
	A.	Underpriced	B.	Perfectly priced	
	C.	Overpriced	D.	None of them	
6.	Jensen's performance index givens importance to the				
	A.	Predictive ability of manager	B.	Market condition	
	C.	Asset Combination	D.	Professional management	

Q.1	(b)	Answer the following terms in brief 1. Semi-strong form of EMH 2. Market risk 3. Passive Management 4. Mark to market settlement	04
Q.1	(c)	An investment has an end value of INR 400 and a beginning value of INR 500. Find its HPY (Holding period yield)?	04

Q.2	(a)	Write in detail about the Portfolio Management Process	07
	(b)	How does the systematic risk affect the individual stock returns? Explain in detail	07
		OR	
	(b)	Explain the investment characteristics of different Investment alternatives of your choice	07
Q.3	(a)	Explain various Bond Portfolio Management strategies	07
	(b)	Anil is buying a bond which is selling at INR 878.50. The bond has four years to maturity with a face value of INR 1000 and a coupon rate of 8%. The required rate of return is 10%. Calculate the intrinsic value of the bond. Should Anil buy the bond?	07
		OR	
Q.3	(a)	A financial analyst is analyzing two investment alternatives, stock Y and Z. The estimated rate of return and their chances of occurrence for the next year are given below.	07

Probability	Return on Y (%)	Return on Z (%)
0.20	22	5
0.60	14	15
0.20	-4	25

1. Find out the expected return, variance and SD of Y and Z
2. Is Y comparatively risky?

	(b)	Assume that an Automobile Sector is in a boom phase. How would you justify your investment in this sector? Discuss in detail	07
Q.4	(a)	How does a technical analysis differ from fundamental analysis? Discuss the different trends of Dow Theory	07
	(b)	Give your opinion and Discuss whether The Indian Stock Markets are Efficiency	07
		OR	
Q.4	(a)	Explain CAPM and its validity in stock market	07
	(b)	Explain Efficient frontier by applying Markowitz model in detail	07
Q.5		The following data give the market return and return of company A for a particular period	14

Index Return	0.50	0.60	0.50	0.60	0.80	0.50	0.80	0.40	0.70
Return of A	0.30	0.60	0.40	0.50	0.60	0.30	0.70	0.50	0.60

1. What is the Beta and Alpha value of Company A?
2. If market return is 2, what would be the return of Company A?

OR

Q.5		The following information is provided regarding the performance of the Large cap fund and Small cap fund. The risk free rate is 8%. And return on market index is 12% and SD of market is 7%. Rank the fund with the help of Sharpe Index and Treynor Index and compare it with the market performance. Also find the Jensen Index.	14

Name of fund	Return	S.D	Beta
Large Cap	0.15	15%	1
Small Cap	0.22	21.43%	2

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