R17

Code No: 743AF

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA III Semester Examinations, December - 2019
SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: 3hours **Max.Marks:75**

Note: This question paper contains two parts A and B.
Part A is compulsory which carries 25 marks. Answer all questions in Part A. Part B consists of 5 Units. Answer any one full question from each unit. Each question carries 10 marks and may have a, b, c as sub questions.

PART - A **5 × 5 Marks = 25**

1. Write a short note on the following:
a) Preferential Allotment of shares [5]
b) YTM and YTC [5]
c) Efficient Frontier [5]
d) Economic Value added Approach [5]
e) Covered call and straddle [5]

PART - B **5 × 10 Marks = 50**

2.a) Explain the investment environment in India.
b) Differentiate between Investment and Speculation. [5+5]

OR

3.a) Briefly explain the Securities Institutions viz. NSE, SEBI and NSDL, which provide greater scope for Indian Stock Markets.
b) Explain about Margin Trading. [6+4]

4.a) What is Beta and how can you measure risk through Beta?
b) A Bank is managing a Portfolio of Stocks with the following Market Values and Betas (βi). Find the Beta of the Portfolio:- [5+5]

Stocks:	P1	P2	P3	P4	P5
Market Value (RS.):	1,00,000	2,00,000	3,00,000	2,50,000	1,50,000
Betas (βi):	1.1	1.6	0.8	1.2	2.0

OR

5.a) Briefly explain the Capital Market Line (CML) Concept, with the diagram and the formula.
b) What are the assumptions of CAPM Model? [5+5]

6.a) What is a Bond? Briefly explain: i) Bond Volatility; and ii) Bond Convexity.
b) The face value of a bond is Rs. 1000/- coupon rate of 8% life of bond is 5 years and the market price of bond is Rs. 1042/-. Compute YTM of this bond. [5+5]

OR

7.a) Xavier purchased, at par, a Bond with a face value of Rs.1000, at 10% Coupon Rate, having 5 years to maturity. The bond was called 3 years later, for a price of Rs.1, 300, after making the second annual interest payment. Xavier then reinvested the proceeding in a Bond selling at its face value of Rs. 1, 000, with 3 years to maturity and 8% Coupon Rate. What is Xavier's YTM over the 5-year period?

b) Explain Bond Duration. [5+5]

8.a) What is Equity Valuation? Briefly explain: i) Liquidation Value; and ii) Free Cash Flow Model.

b) Discuss the types of Mutual Funds in India. [5+5]

OR

9.a) Differentiate between Fundamental and Technical Analysis.

b) Write briefly about Efficient Market Hypothesis. [5+5]

10.a) Compare and contrast Futures and Forward contract.

b) What are the assumptions of Black and Scholes option pricing model? [5+5]

OR

11.a) Explain about NAV, Expense ratio, Fund of Funds.

b) From the following data, Calculate Sharpe's Index and Interpret the result:-
Portfolio X: Expected Return Rp = 15%; σp = 5%
Portfolio Y: Expected Return Rp = 20%; σp = 6%
Risk-free Rate of Return (Rf) = 10%. [5+5]

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