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R17 Code No: 743AF JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD MBA III Semester Examinations, April/May-2019 SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT Max.Marks:75

Time: 3hours

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.a)	Distinguish between Investment and speculation.	[5]
b)	Explain the features of indifference curves.	[5]
c)	Explain Holding period return and Yield to call.	[5]
d)	Compare and contrast weak form and strong form of market efficiency.	[5]
e)	Explain Protective Put and Covered Call.	[5]

PART - B	5 × 10 Marks = 50

2.a)	Compare and contrast Capital Market and Money Market.					
b)	Discuss about securities trading and settlement.					[5+5]
		C	DR			
3.a)	What is Margin trading?					
b)	b) Explain the various money market instruments.					[5+5]
			S.			
4.	4. The estimates of the standard deviations and correlation co-efficient for three stock					
	given belo	w all have a construction of the construction	~ .			
	Stock	Standard Deviation	Correl	ation with Stoc	k	
			A	В	C	
	A	32	1.00	-0.80	0.40	
	B	26	-0.80	1.00	0.65	
	C	18	0.40	0.65	1.00	. ~
	If a portfolio is constructed with 15% of stock A, 50% of stock B and 35% of stoc					⁻ k C,
what is the portfolios standard deviation?					[10]	
OR						
5.a)	Explain single Index model.					[[].[]]
D)	What is efficient frontier? Explain risk free lending and borrowing.				[3+3]	
(a)	Evelsie th	a mariana tempo of Dondo				
(0.a)	A Deliene	a industrias depenture with a	face value of I	\mathbf{D}_{α} 100 has a co	unon rota a	f 100/
0)	A Remain industries dependent with a face value of RS 100 has a coupon face of 10%					
	is 7^{th} May 2018. The traded price of the bond on 7^{th} May 2016 is Rs 110. Compute the					
	18 / Wiay	2018. The traded price of the		1ay 2010 18 KS.	110. Compt	10 me
	yield to m		ND			[3+3]
7 a)	A P _c 100	nar value bond bears a counci	\mathbf{n}	cont and matura	s ofter five	VAAre
1.a)	Interest is payable semi-annually. Compute the value of the bond if the required rate of					
	interest is payable semi-annually. Compute the value of the bond if the required fate of					

- return is 16%.
- What is bond volatility and bond convexity? b)

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8. A company paid dividends amounting to 0.75 per share during the last year. The company is expected to pay Rs 2. per share during the next year. Investors forecast a dividend of Rs. 3 per share in the year after that. Thereafter, it is expected that dividends will grow at 10 percent per year into an indefinite future. Would you buy/sell the share if the current price of the share is Rs.54? Investor's required rate of return is 15 percent. [10]

OR

- 9.a) Describe the key economic variables that an investor must monitor as part of his Fundamental Analysis.
 - b) Explain about chart patterns and Relative strength Index (RSI). [5+5]
- 10.a) The share of Omega Company which is not expected to pay dividend in the near future is currently selling for Rs 150. The risk-free interest rate is 0.8% per a month. A 3-month futures contract is selling for Rs.152. Develop an arbitrage strategy and show what your profit will be 6.3 months hence.
 - b) Distinguish between futures and forwards.

OR

11.a) Given the following information:

	Portfolio A	Portfolio B
Beta	0.9	1.8
Return (%)	12.5	19
S.D (%)	20	26.5

Risk Free rate of return = 6% ; Market Return = 12% .Calculate(i) Sharpe Ratio(ii) Treynor Ratio.

b) Explain the types of mutual funds in India.

[5+5]

[5+5]

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