

R15
Code No: 723AH
JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA III Semester Examinations, December - 2019
SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT
Time: 3 hours
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.a) Distinguish between capital market and money market. [5]
- b) Explain the concept of intrinsic value economic analysis. [5]
- c) What are the types of Bonds? [5]
- d) Explain brief note on equity valuation methods. [5]
- e) Explain briefly about Jensen's model. [5]

PART - B
5 × 10 Marks = 50

- 2.a) Describe briefly the various investment avenues available to the investors. [6+4]
 - b) Explain about types of Margin. [6+4]
- OR**
3. Explain about the trading and settlement procedure in Indian Stock market. [10]
 4. Consider a portfolio of four securities with the following characteristics.

Security	weight	α_p	β_p	Residual variance σ_p^2
1	0.2	2.0	1.2	320
2	0.3	1.7	0.8	450
3	0.1	-0.8	1.6	270
4	0.4	1.2	1.3	180

Calculate the return and risk of the portfolio under single index model, if the return on market is 16.4 percent and the standard deviation of return on market Index is 14 percent. [10]

OR

- 5.a) Explain about industry life cycle and brief on Dow theory. [5+5]
- b) Distinguish between fundamental analysis and technical analysis. [5+5]
6. Mr. Raju owns Rs.1000 face value bond with five years to maturity. The bond makes annual interest payments of Rs. 80. the bond is currently priced at Rs. 980. given that the market interest rate is 10 percent, should the investor hold or sell the bond? [10]

OR

- 7.a) "Bond prices vary inversely with changes in market interest rates". Explain. [5+5]
- b) Explain the significance of duration. [5+5]



8. Mr. Shyam decided to buy 500 shares of a Pharma company with the intension of selling out at the end of five years. It is estimated that the company will pay Rs.3.50 per share as a dividends for the first two years and Rs.4.50 per share for the next three years. It is further estimated that, at the end of five year holding period, the shares can be sold for Rs.98. What would Mr. Shyam be willing to pay today for these shares if required rate of return is 12 percent? [10]

OR

- 9.a) How moving averages are useful in studying trends and trend reversals?
b) What is the implication of semi-strong form market? [5+5]
10. The current market price of a share is Rs.64. the volatility of the share is measured as 25 percent. The risk free interest rate is currently 8 percent per annum. There is a call option on the share, expiring in six months, with exercise price of Rs.60. Calculate the price of the call option. [10]

OR

- 11.a) Explain brief note on optimal portfolio management theories.
b) Compare and contrast Sharpe and Treynor measure of Performance evaluation. [5+5]

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