Roll No. Total No. of Pages : 02

Total No. of Questions : 06

PIT MBA (Sem.–3)

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Subject Code : MBA-313

Paper ID : [51203]

Time : 3 Hrs. Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. SECTION-A contains SIX questions carrying TWO marks each and students has to attempt ALL questions.
2. SECTIONS-B consists of FOUR questions each carrying TEN marks each and student has to attempt ALL questions.
3. SECTION-C is consist of ONE Case Study carrying EIGHT marks.
4. All Questions are Compulsory.

SECTION-A

Q1. Write short notes on :

a) Outline the process of investment decision.

b) Over the counter placement.

c) Quantifiable and non-quantifiable risk.

d) Random walk theory.

e) Higher the return, higher the risk.

f) Main features of derivatives.

SECTION-B

Q2. "*Investment is well- grounded and carefully planned speculation*". *In the light of the above statement explain and difference between "Investment and speculation*". How do they differ from gambling?

Q3. What is economic analysis? Discuss the important economic factors within which the factors of investment operate.

Q4. Discuss in detail Markowitz theory of portfolio analysis.

Q5. "*The APT expected return relationship looks much like the security Riaricet line derived in CAPM*." How would you discriminate between APT and CAPM?

SECTION-C

Q6. A Ltd. has an expected return of 22% and standard deviation of 40%. B Ltd. has an expected return of 24% and Standard Deviation of 38%. A Ltd. has a beta of 0.86 and B Ltd. has a beta of 1.24. The correlation coefficient between the return of A Ltd. and B Ltd. is 0.72 The standard deviation of the market return is 20%. Suggest :

Questions :

a) Is investing in B Ltd. cheaper than investing in A Ltd.?

b) If you invest 30% in B Ltd. and 70% in A Ltd., what is your expected rate of return and portfolio standard deviation?

c) What is the market portfolio's expected rate of return and how much is the risk free rate?

d) What is the beta of Portfolio if A Ltd.'s weight is 70% and B Ltd.'s weight is 30%?