JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA-III Semester Regular Examinations February -2010
SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

Time:3hours   **Max.Marks:60**
Answer any Five questions
All questions carry equal marks
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1.   Discuss the clearing and settlement procedure for equity market (cash).

2.   Calculate the expected return and the standard deviation of returns for a stock
       having the following probability distribution of returns.

Possible returns (in %)	-25	-10	0	15	20	30	35
Probability of occurrence	0.05	0.10	0.10	0.15	0.25	0.20	0.15

3.   What is the implication of semi-strong form market efficiency for fundamental
       analysis?

4.   Usha ltd has a 14 % bond with a fare values of Rs.100 that matures at par in 15
       years. The bond is callable in five years at Rs.114. It currently sell for Rs.105.
       Calculate   (a) Current yield   (b) Yield to maturity
                   (c) Yield to call.

5.   A chemical company paid a dividend of Rs.2.75 during the current year. Forecast
       suggest that earnings and dividends of the company are likely to grow at the rate
       of 8% over the next five years and at the rate of 5% thereafter. Investors have
       required a rate of return of 20% on these shares. What is the present value of
       stock?

6.a)   Explain the basic principles and hypothesis of Dow theory.
  b)   Describe the various characteristics of an industry that an analyst must consider
       while doing industry analysis.

7.   Risk free rate of return = 6%, Market return = 12%. Calculate
       a) Sharpe ratio   b) Trey nor   c)   Jensen ratio

	Portfolio			
	A	B	C	D
Beta	1.10	0.8	1.8	1.4
Return percent	14.5	11.25	19.75	18.5
Standard deviation %)	20.0	17.5	26.3	24.5

8.   Write short notes on
       (a) Option strategies   (b) Interest rate future.
       (c) Stock index future   (d) Swaps.

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