

4. What are the factors causes of systematic risk?
5. As per technical analysts, “Analysis of a company financial statements and future cash flows based on fundamental analysis is a redundant exercise.” Do you agree with this statement? Comment.
6. Suppose the risk-free rate is 12% and the expected market return is 20%. ABC Company has a Beta (β) of 0.75, and XYZ Company has a Beta (β) of 1.25.
 - a) Find the expected return on ABC Co. and XYZ Co.
 - b) Suppose that because of a sudden unanticipated increase in inflation, the risk-free rate rise to 16% and the market risk-premium remains at 8%. Find the expected returns on ABC Co. and XYZ Co.
7. Discuss weak-form, semi-strong form and strong form of market efficiency.
8. What is Jensen alpha (α)? Would you invest in a mutual fund whose Jensen alpha is negative?

MS-404/FM-2106**Security Analysis and Portfolio Management**

Master of Business Administration
(MBA-10/12/13/16/17)

4th Semester, Examination-2019**Time : 3 Hours****Max. Marks : 80**

Note - This Paper is of Eighty (80) marks divided into two (02) Sections A and B. Attempt the Questions contained in these sections according to the detailed instructions given therein.

Section - A**(Long-Answer-Type Questions)**

Note - Section 'A' contains Five (05) long-answer-type questions of Fifteen (15) marks each. Learners are required to answer any Three (03) questions only.

(3 × 15 = 45)

1. Discuss right issues. Why do promoters offer right issues? Also state why companies prefer to raise funds through private placement than public issues and right issues?

2. a) What are the reasons of issuing bonds.
- b) What range of options mutual fund provides to their investors?
3. Different investors have different purpose of investing their hard earned money. Do you agree? Explain.
4. What are the Financial Derivatives? Discuss the different derivatives instruments available in the Indian Capital Market.
5. a) What is the essential difference between the Sharpe and Treynor indexes of portfolio performance? Which do you think is preferable and why?
- b) What is Markowitz efficient frontier? Explain with illustration.

Section - B

(Short-Answer-Type Questions)

Note - Section 'B' contains Eight (08) short-answer-type questions of Seven (07) marks each. Learners are required to answer any Five (05) questions only.

(5 × 7 = 35)

Briefly discuss any five (05) of the following :

1. a) What is the difference between investments and speculation?
- b) What is liquidity, and why is it so important to the efficient operations of the securities markets?
2. “Equity Shareholders are the real owners of the company; yet these shareholders do not have privilege as preference shareholders.” Discuss.
3. Why should a company issue convertible securities instead of straight bonds or equity shares?