

C1183

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Roll No.

FM-2106/MS-404

Security Analysis and Portfolio Management

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

4th Semester Examination, 2022 (June)

Time : 2 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 Twenty (20) marks each. Learners are required to answer any Two (02) questions only.

(2×20=40)

1. What is risk? How do you distinguish between systematic and unsystematic risk?

2. 'Issue of securities to raise the capital is a joint effort of different intermediaries.' In light of this statement explain the role of different intermediaries.

3. What is the meaning of company analysis? What financial statements in your opinion are helpful in undertaking the company prospects?

4. Write notes on :
 - (a) Bull.
 - (b) Bear.
 - (c) Stag.
 - (d) Margin.

5. The following portfolios are being considered for investments. During the period under consideration Risk free rate (R_f) = 0.07

Portfolio	Return	Beta (β)	Standard Deviation (σ)
P	0.15	1.0	0.05
Q	0.20	0.5	0.10
R	0.10	1.0	0.03
S	0.17	1.1	0.06
Market	0.13	1.0	0.04

- (a) Compute the Sharpe measure for each portfolio and Market portfolio.

- (b) Compute the Treynor measure for each portfolio and the market portfolios.
- (c) Rank the portfolios using each measure, explaining the cause for any difference you find in ranking.

SECTION-B

(Short Answer Type Questions)

Note : Section 'B' contains Eight (08) short answer type questions of Ten (10) marks each. Learners are required to answer any Four (04) questions only. (4×10=40)

Briefly discuss any four (04) of the following :

1. Divide a person's life from ages 20 to 70 into 10 year segments and discuss the likely saving or borrowing patterns during each period.
2. Define a primary and secondary market for securities and discuss how they differ. Discuss how the primary market is dependent on the secondary market.
3. Discuss briefly several uses of security-market indices.
4. What does the term *duration* mean to bond investors and also how does the duration on a bond differ from its *maturity* ?

5. What is the 'listing of securities'? What are its advantages from the point of view of the company and investors?
 6. Discuss the concept of the Efficient Market Hypothesis (EMH) and each of its three forms weak, semi-strong and strong.
 7. Explain the difference between a security characteristic line and capital market line.
 8. (a) Discuss the importance of the future markets.
(b) How does a future contract differ from a forward contract?
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