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MB-201(F1)

Year	TCL- Return	STL- Return	RCL- Return	NIFTY Return	Treasury Bill Rate
1	-39%	-16%	-33%	-26%	8%
2	40%	39%	30%	37%	6%
3	11%	34%	18%	24%	5%
4	13%	-7%	-7%	-7%	5%
5	21%	3%	5%	6%	7%
6	36%	29%	31%	18%	10%
Beta of pc	1.2	0.92	1.04	1	

- (a) Compute the Sharpe, Treynor and Jensen ratios to evaluate the performance of above funds over the period. (CO5)
- (b) Advise the Client the best investment option on the basis of above measures of portfolio evaluation. (CO5)

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Roll No.

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M. B. A. (SECOND SEMESTER)
END SEMESTER EXAMINATION,
June, 2023

SECURITY ANALYSIS AND PORTFOLIO
MANAGEMENT

Time : Three Hours

Maximum Marks : 100

- Note :** (i) This question paper contains two Sections—Section A and Section B.
- (ii) Both Sections are compulsory.
- (iii) Answer any *two* sub-questions among (a), (b) and (c) in each main question of Section A. Each sub-question carries 10 marks.
- (iv) Section B consisting of case study is compulsory. Section B is of 20 marks.

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Section—A

1. (a) Outline the importance of investment in wealth creation. Discuss the different channels or alternatives available to an investor for making investment. (CO1)
- (b) 'Systematic risk cannot be controlled but unsystematic risk can be reduced.' Elaborate. (CO1)
- (c) The expected return from security Z is provided in different time periods : (CO1)

Time period	Return	Probability
January	25%	0.1
February	15%	0.4
March	10%	0.3
April	5%	0.2

What would be the average expected risk and return of the security ? (CO1)

2. (a) 'The random walk hypothesis resembles the fundamental school of thoughts but in contrary to the technical analysis.' Discuss. (CO2)

- (b) The foundation of technical analysis is Dow theory.' Discuss. (CO2)
- (c) A company has a profit after tax @ 30% ₹ 3,30,000. The market price of equity shares is ₹ 95. It has paid a dividend to equity shareholders at the rate of 15%. The capital structure of the company comprises of 80000 equity shares of ₹ 10 each.

Analyze : (CO2)

- (i) Dividend Yield on equity shares
- (ii) Earning for equity shares
- (iii) Price earnings ratio
- (iv) Equity dividend, coverage ratio

3. (a) A firm, (CE) is planning to issue a 10 year bond with a face value of ₹ 1000 and a coupon of 10% payable semi-annually and redeemable at par. The coupon rate has been arrived at with the expected yield currently prevailing in the market. What price do you think the bond can be sold as compared to its face value ? Appraise the situation. (CO3)

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- (b) XYZ technology Ltd. is a listed company whose shares are selling at ₹ 230 currently. The expectation of the market about the future price of the share is ₹ 280. If the current dividend is ₹ 7 per share, what dividend do you expect for the coming year ? (CO3)
- (c) ABC Ltd. is planning to issue a bond of 5 years maturity with semiannual payment of coupon of 12%. The face value of the bond is ₹ 1000. If the market expectation of yield is 14%, at what initial price can ABC Ltd issue the bond ? (CO3)
4. (a) How is the Sharpe Single Index model different in approach from the Marko model ? (CO4)
- (b) The return on T-bills considered as closest substitute for the risk free rate of return is 6%. The expected return on market index NIFTY is estimated to be 14%. A portfolio

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manager has shortlisted the following securities for inclusion in the portfolio for :

Stock	Beta
TCL	0.8
STL	1.1
RCL	1.2
ITL	1.5
HCL	0.9
LLL	1.3

What is the expected return of each of the stock ? (CO4)

- (c) How do you distinguish between unsystematic and systematic risk ? How would you measure systematic risk ?

(CO4)

Section—B

5. Case study : (CO5)
- The information given ahead has been extracted relating to financial performance of different portfolios :

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