



**HDA-161100020308** Seat No. \_\_\_\_\_

**M. B. A. (Sem. III) (CBCS) Examination**  
**November / December - 2017**  
**Security Analysis & Portfolio Management**

Time : 3 Hours]

[Total Marks : 70

**Instruction :** All questions carry equal marks.

- 1 (a) Find out the current yield of a bond with 15% interest that is available for selling at Rs. 90.
- (b) Sharma purchased at par a bond with a face value of Rs. 1,000. The bond had five years to maturity and a 10% coupon rate. The bond was called two years later for a price of Rs. 1,200, after making its second annual interest payment. Sharma then reinvested the proceeds in a bond selling at its face value of Rs. 1,000 with three years to maturity and 7% coupon rate. What is the Sharma's actual YTM over the five years time ?
- (c) You own 250 preference shares of ABB Ltd. which currently sell for Rs. 38.50 per share and pays annual dividends of Rs. 65.50 per share. What is your expected return ?

**OR**

- 1 Discuss the Efficient Market Hypothesis in each of its three forms.
- 2 Define term 'Investment'. Investment carries risk, discuss various types of risk involved in financial investment. How is investment different from speculation ?

**OR**

- 2 (a) 'Financial market is the engine of economic development'. Discuss role of financial markets i.e. primary and security market.
- (b) Describe the role of merchant banker.

- 3 (a) Shekhar has a portfolio of five securities. The expected rate and amount of investment in each security is as follows :

Security	A	B	C	D	E
Expected returns	0.14	0.08	0.15	0.09	0.12
Amount invested Rs.	20,000	10,000	30,000	25,000	15,000

Compute the expected return on portfolio.

- (b) Using the CAPM estimate the appropriate required rate of return for the three stock listed below, given that the risk-free rate is 6%, and the expected rate of return for the market is 18 per cent :

Stock	A	B	C
Beta	1.40	0.90	0.75

**OR**

- 3 Compare and contrast the capital market line with the security market line. Explain in detail through CAPM.

- 4 (a) State top down approach of security analysis.  
 (b) A security's market value is Rs. 117 and its book value is Rs. 80, would you buy this security ? Why ?

**OR**

- 4 (a) 'Technical analysis explain that the stock market acts like a barometer rather than a thermometer'. Elaborate.  
 (b) Describe various types of charts.

- 5 Define the terms : (any seven)

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|-----------------------------|------------------------|
| (1) Beta                    | (2) Alfa               |
| (3) Duration                | (4) Standard Deviation |
| (5) Systematic risk         | (6) Unsystematic risk  |
| (7) P/E ratio               | (8) Current Yield      |
| (9) Money Market Instrument | (10) Risk free return. |