

**576341(76)**

**676541(76)**

**M. B. A. (Third Semester) Examination,**

**Nov.-Dec. 2020**

**(New Scheme)**

**(Specialization : Finance Management)**

**(Management Branch)**

**SECURITY ANALYSIS and PORTFOLIO  
MANAGEMENT**

***Time Allowed : Three hours***

***Maximum Marks : 80***

***Minimum Pass Marks : 32***

***Note : Attempt all units as per internal choices. All  
questions carries equal marks.***

**Unit-I**

1. What is stock exchange and how does it provide a linkage between savings and investment? Describe the functions of stock exchange.

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Or

“The essence of risk in an investment is the variation in its return”. Explain the elements of risk and its impact on stocks & bonds. 16

**Unit-II**

2. “Technical believe that statistical data generated by market activity is capable of establishing relationship between price trend, volume and trading”. Explain the statement with different charting patterns and technical indicators. 16

Or

Explain the weak, semi-strong and strong form of efficient market hypothesis with supporting empirical tests. 16

**Unit-III**

3. (a) What is the significance of Economy, Industry and Company forecasting in fundamental analysis. 16

Or

Attempt (b) and (c)

(b) A company paid dividend of ₹ 1.75 during the last

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year. It is impacted to pay a dividend of ₹ 2 per share and ₹ 3 per share during next year and year after that. Thereafter dividends are impacted to grow at 10% for indefinite period would you buy or sell the share if its current price is ₹ 45. Investor required rate of return is 15%. 8

(C) ~~(B)~~ Write short notes on : (any one) 8

(i) Barometer approach

(ii) Porters five forces model to analyse competition in Industry

**Unit-IV**

4. Answer (a), or (b) and (c) :

(a) Explain the graphical representation of Markowitz modern portfolio theory. Also demonstrate the effect of lending and borrowing on Efficient Frontier. 16

Or

(b) The following is the variance Co-variance matrix for three securities as well as the composition of each security in the portfolio. Calculate the portfolio risk : 8

Security	A	B	C
$\sigma_A$	425	190	120
$\sigma_B$	190	320	205
$\sigma_C$	120	205	175
	$W_A = 0.35$	$W_B = 0.25$	$W_C = 0.40$

- (c) Considered two securities  $P$  and  $Q$  with expected returns of 15% and 24% respectively, and standard deviation of 35% and 52% respectively. Calculate the standard deviation of a portfolio weighted equally between the two securities if their correlation is  $-0.9$ .

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Unit-V

5. Write short notes on: (any two) 2x8=16

(i) Capital Asset pricing model

(ii) Portfolio investment process

(iii) Sharpe single index model

(iv) Capital market line Vs. Security market line