

**Subject Code: MB936/R09**

**M B A - III Sem Regular & Supplementary Examinations, Apr/May-2014**  
**SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**

**Time: 3 hours**

**Max Marks: 60**

Answer any **FIVE** of the following

All questions carry equal marks. **Q.No.8 is compulsory**

\*\*\*\*\*

1. Explain the investment environment in India with classification of financial markets and financial instrument.
2. Monthly return data (in per cent) are presented below for SBI stock and NSE national index for a 12 month period.

Month	1	2	3	4	5	6	7	8	9	10	11	12
SBI	9.43	0.00	-4.31	-18.92	-6.67	26.57	20.00	2.93	5.25	21.45	23.13	32.83
NSE	7.41	-4.33	-7.35	-14.64	1.58	15.19	5.11	0.76	-0.97	10.44	17.47	20.15

Calculate beta of SBI stock.

3. What is the need for valuation of bonds? Explain the intrinsic value with suitable example
4. How would you determine the discount rate to be applied in the present value model of share valuation?
5. "The fundamental analysis always useful to be prospective investors". Discuss.
6. What are financial derivatives? Describe the future markets and swaps.
7. What are different types of mutual funds? Explain how their performance be evaluated.
8. **CASE STUDY:** The following data re available to you as portfolio manager

Securities	Estimated return (per cent)	Beta	Standard deviation (per cent)
A	30	2.0	50
B	25	1.5	40
C	20	1.0	30
D	11.5	0.8	25
E	10.0	0.5	20
Market index	15	1.0	18
Govt. security	7	0	0

- a) In terms of the security market line, which of the securities listed above are under-priced with (CAPM)
- b) Assuming that a portfolio is constructed using equal proportions of the five securities listed above calculate the expected return and risk of such a portfolio.

\*\*\*\*\*

|||||