Sub Code: RMBFM01

Paper Id: 270309 Roll No: | | | | | | | | | | | | | |

**MBA**

**(SEM III) THEORY EXAMINATION 2019-20**

**SECURITY ANALYSIS & PORTFOLIO MANAGEMENT**

*Time: 3 Hours* *Total Marks: 70*

**Note: 1.** Attempt all Sections. If require any missing data; then choose suitably.

**SECTION A**

**1. Attempt *all* questions in brief. 2 x 7 = 14**

a. What according to you could be the reasons why companies issue share in the primary market?

b. What is default risk and default risk premium?

c. Write short notes on requirements for listing on a stock exchange.

d. Define capital market efficiency.

e. What are the objectives of hedging?

f. What do you mean by portfolio risk?

g. What is beta? How is it measured?

**SECTION B**

**2. Attempt any *three* of the following: 7 x 3 = 21**

a. Explain the assumption and principles underlying portfolio theory.

b. Define the standard deviation of the return on a two-security portfolio. Explain why variance of a well diversified portfolio is largely determined by the covariance term.

c. Define the Markowitz diversification. Explain the statistical model used by Markowitz to obtain the risk reducing benefits.

d. What is the meaning of the term yield of maturity for bonds and preference shares?

e. What do you mean by primary market? Explain the key difference between primary market and secondary market. Briefly discuss the trading and settlement procedure at stock exchange.

**SECTION C**

**3. Attempt any *one* part of the following: 7 x 1 = 7**

(a) What is formulation plan? Give the advantages and disadvantages and also explain its types.

(b) What is meant by security analysis? What aspects are involved in security analysis?

**4. Attempt any *one* part of the following: 7 x 1 = 7**

(a) Explain some of the well known charting method in conducting technical analysis? Are they useful indicator? Discuss.

(b) An investor has the following information of bond:
Face value = ₹ 1000
Coupon rate =10%
Time to maturity = 10 Years
Market price = ₹ 1,250
Callable in 5 years = 1,200

1) Find the yield to maturity, and
2) Yield to call

www.aktuonline.com

Sub Code: RMBFM01

Paper Id: 270309 Roll No: | | | | | | | | | | | | |

**5. Attempt any *one* part of the following: 7 x 1 = 7**

(a) What do you understand by term structure of interest rate? How do theories explain the term structure of the interest rate?

(b) Explain the logic of the Arbitrage Pricing Theory (APT)? How does it compare and contrast with CAPM?

**6. Attempt any *one* part of the following: 7 x 1 = 7**

(a) Differentiate between fundamental analysis and technical analysis.

(b) "Stock is considered to be risky but bonds are not". This is not fully correct. Elucidate.

**7. Attempt any *one* part of the following: 7 x 1 = 7**

(a) Define mutual fund. Distinguish between closed ended and open ended mutual fund.

(b) Explain the following:

i) Gap Wave Theory

ii) Relative strength index

www.aktuonline.com