MP-501

June - Examination 2019

Master of Business Administration - II Year Examination

Security Analysis and Portfolio Management

Paper - MP-501

Time : 3 Hours] **[Max. Marks :- 80**

Note: The question paper is divided into three sections A, B and C. Write answers as per given instructions.

Section - A $8 \times 2 = 16$

(Very Short Answer Questions)

Note: Answer **all** questions. As per the nature of the question delimit your answer in one word, one sentence or maximum upto 30 words. Each question carries 2 marks.

1) (i) Explain the concept of saving.

(ii) What is the difference between Risk & uncertainty?

(iii) What is Secondary Market?

(iv) List out the name of Operating Stock Exchanges.

(v) What is Stock Market Index?

(vi) What do you understand by "Portfolio"?

(vii) What is Beta?

(viii) What do you mean by Economic Analysis?

Section - B $4 \times 8 = 32$

(Short Answer Questions)

Note: Answer **any four** questions. Each answer should not exceed 200 words. Each question carries 8 marks.

2) Define Investment. Is investment different from Speculation? Explain.

3) Explain the systematic & unsystematic risk.

4) What is the difference between fundamental & technical analysis? Discuss.

5) Describe Morkowitz portfolio theory for portfolio selection.

6) How does SEBI regulate the Indian Stock Exchanges?

7) Explain the capital Assets Pricing model of Portfolio management.

8) Explain the important factors that you will consider while doing Industry Analysis.

9) The Rate on T-Bill (Risk Free Return RF) is currently 7.75 percent, while the expected market Return (Rm) is 14.25 percent. Compute the required rate of return (Ri) of each Security listed below:

Security	Beta
X_1	1.5
X_2	1.2
X_3	1.00
X_4	0.90

Section - C $2 \times 16 = 32$

(Long Answer Questions)

Note: Answer **any two** questions. You have to delimit your each answer maximum upto 500 words. Each question carries 16 marks.

10) The Probability distribution of Return is given below:

Assets X

Possible outcome	Probability	Return (%)
Recession	0.20	14
Normal	0.60	16
Boom	0.20	18

Assets Y

Possible outcome	Probability	Return (%)
Recession	0.20	8
Normal	0.60	16
Boom	0.20	24

a) Calculate Expected Return for Assets X & Assets Y

b) Calculate standard deviation for Assets X & Assets Y.

11) Explain some key ratios that you will take into account before investing in a stock. Can you depend only on those ratios for making decision? Discuss.

12) What is diversification? Discuss the need and significance of diversification in Portfolio construction.

13) What is the meaning of "Security valuation"? What are the factors influencing security valuation? Explain.
