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Code No: 763AG

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA III Semester Examinations, September - 2023
SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: 3 Hours **Max.Marks:75**

Note: i) Question paper consists of Part A, Part B.
ii) Part A is compulsory, which carries 25 marks. In Part A, Answer all questions.
iii) In Part B, Answer any one question from each unit. Each question carries 10 marks and may have a, b as sub questions.

PART - A

(25 Marks)

1.a) Describe the terms Speculation and Gambling. [5]
b) Explain Markowitz Portfolio Theory. [5]
c) What is immunization of a Bond and describe the Bond volatility? [5]
d) What is meant by intrinsic value and what are the Equity Valuation Models. [5]
e) What are Forward contracts? [5]

PART - B

(50 Marks)

2.a) What are the features of Investment and discuss the Investment Process with illustration.
b) Define Investment. Explain Investment avenues. [6+4]

OR

3.a) What are the segments of Financial Markets in India?
b) What are the Types of Orders? [5+5]

4.a) Calculate the expected return of each security and their covariance for the given forecast.

Economic condition	Probability	SBI (return%)	DLF Limited(return%)
Booming	0.5	30	18
Stable	0.3	40	20
Recovery	0.2	-10	10

b) What are the assumptions of CAPM? Distinguish between CML and SML. [5+5]

OR

5. Stock A and B display the following return over past following five years.

Year	Return (%)	
	Stock-A	Stock-B
2016	18	19
2017	19	14
2018	22	12
2019	16	10
2020	14	11

a) Determine the expected rate of return on portfolio made up of 30% of A and 70% of B.
b) What is the standard deviation of each security?
c) Determine the portfolio risk of made up of 40% of A and 60% of B. [10]

6.a) Define Bonds. Explain types of Bonds.
b) Examine the Relative valuation techniques. [5+5]

OR

7.a) A bond of face value Rs.1000 has a coupon rate 14%per annum and a maturity period. of 6 years. This bond can be valued by taking three different required rate of returns, i..e, 14%,12%and 16%for different investors. Calculate value of bond at different rates of returns.

b) Brief on Bond convexity. [5+5]

8.a) Explain Fundamental Analysis with it strengths and weaknesses.
b) Describe the tools and techniques of Technical Analysis? [5+5]

OR

9.a) The market price for Super Iron's equity is 65 per share. The price at the end of one year is expected to be 90, and dividends for next year should be 2.90. What is the expected rate of return?

b) Raj pal is expected to pay 3.00 in dividends next year, and the market price is projected to be 75 by year-end. If the investor's required rate of return is 20%, What is the current value of the stock? [5+5]

10. Following are the data on six mutual funds:

Mutual Fund	Return	Standard Deviation	Beta
P	16	6	1.25
Q	17	8	0.75
R	13	5	1.40
S	11	8	0.98
T	10	7	1.50
U	12	3	1.30

You are required to compute Reward to volatility Ratio and Rank these portfolios. using:
i) Sharpe's method.
ii) Treynor's method.
Assuming the risk-free rate is 5%. [10]

OR

11.a) Define Options. Explain types of Options.
b) What are the uses of Stock index futures? [5+5]

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