Reg.No. \_\_\_\_\_\_\_\_\_\_\_\_

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**End Semester Examination – Nov/Dec – 2018**

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| **Code :** | **18MS3013** | **Duration :** | **3hrs** |
| **Sub. Name :** | **SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT** | **Max. marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. |  | Explain the Features of Investment. How does it differ from Speculation and Gambling? | CO1 | 20 |
| (OR) | | | | |
| 2. |  | How does Fundamental Analysis help in creating a Portfolio? | CO1 | 20 |
|  |  |  |  |  |
| 3. |  | State the role and Functions of SEBI. | CO1 | 20 |
| (OR) | | | | |
| 4. | a. | Compute the Market value weighted Index and Price weighted indexof the three stocks from the information given below, considering the base index as 1000.   |  |  |  |  | | --- | --- | --- | --- | | Stocks | Outstanding shares | Base price | Current Price | | A | 6,00,000 | 110 | 210 | | B | 9,00,000 | 160 | 1000 | | C | 7,00,000 | 120 | 150 | | CO1 | 10 |
|  | b. | State the purpose of Index in a stock Market. How it is computed? On what criteria the stocks are listed in Index? | CO1 | 10 |
|  |  |  |  |  |
| 5. | a. | Explain the Importance of Technical Analysis in deciding the stock picks in the Equity Market. | CO2 | 10 |
| b. | Write Notes on (i) MACD and (ii) RSI. | CO1 | 10 |
| (OR) | | | | |
| 6. | a. | A Portfolio consists of two securities A and B in proportion of 60% and 40%. The standard deviation of the returns of securities A and B are 10 and 16 respectively. The coefficient correlation between the returns of two securities is 0.5. Assess the Portfolio Risk. | CO2 | 10 |
| b. | What are the characteristics involved for creating a Portfolio of stocks? | CO1 | 10 |
| 7. | a. | Assume the following for Asset ONGC:  Risk-free rate of return= 5% Index return = 15% Beta of stock XYZ = 0.75  What is the Expected rate of return of stock XYZ? | CO2 | 10 |
| b. | How would you compute Beta and Alpha from the returns of stocks and what is its significance in investment decisions? | CO1 | 10 |
| (OR) | | | | |
| 8. |  | The following information on two stocks provided . You need to take a decision on investing in these two stocks. Comment on the results.   |  |  |  |  | | --- | --- | --- | --- | | **State of the Economy** | **Probability** | **RA** | **RB** | | Boom | 2/3 | 10% | –2% | | Recession | 1/3 | 6% | 40% |  1. Calculate the expected return for stock A and stock B 2. Calculate the total risk (variance and standard deviation) for stock A and for stock B 3. Calculate the covariance between stock A and stock B. 4. Calculate the correlation coefficient between stock A and stock B | CO3 | 20 |
|  | | **Compulsory**: |  |  |
| 9. |  | The fund manager of Alliance Investment bank has to decide on the performance of the three portfolios and suggest by ranking them.   |  |  |  |  | | --- | --- | --- | --- | | **Portfolios** | **Return of portfolio (Rp)** | **Std deviation (σp)** | **Beta (βp)** | | HDFC MF | 27 | 5 | 0.89 | | SBI Magnum | 38 | 6.5 | 0.75 | | ICICI Prud | 49 | 3.3 | 0.54 | | Nifty Index | 32 | 3 | 1 |   Risk-free return is 8%  Rank the portfolios and compare with the performance of the Market, using   1. Sharpe’s Measure 2. Treynor’s measure 3. Jensen’s measure | CO3 | 20 |