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



**End Semester Examination – Nov / Dec – 2019**

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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. | a. | Explain the factors on which an Investor would take his Investment decisions. How Investment differs from Speculation. | CO1 | 10 |
| b. | Explain the role, functions and reforms of SEBI. | CO1 | 10 |
| **(OR)** | | | | | |
| 2. | a. | State the functions of National Stock Exchange. | CO2 | 10 |
| b. | State the differences between Primary market and secondary market. | CO2 | 5 |
| c. | Write a brief note on Book Building. | CO2 | 5 |
|  |  |  |  |  |
| 3. | a. | Consider two securities, P and Q with expected returns of 15 per cent and 24 per cent respectively, and standard deviation of 35 per cent and 52 per cent respectively. Calculate the standard deviation of a portfolio weighted equally between the two securities if their correlation is - 0.9. | CO3 | 10 |
|  | b. | The historical rates of return of two securities over the past ten years are given below, Calculate the covariance and correlation of the two securities   |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Years** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | **security 1 (return %)** | 12 | 8 | 7 | 14 | 16 | 15 | 18 | 20 | 16 | 22 | | **security 2 (return %)** | 20 | 22 | 24 | 18 | 15 | 20 | 24 | 25 | 22 | 20 | | CO3 | 10 |
| **(OR)** | | | | | |
| 4. | a. | Find the duration of a 6 per cent coupon bond with a face value of Rs.1000 making annual interest payments, if it has 5 years until maturity. The bond is redeemable at 5 per cent premium at maturity. The market interest rate is currently 8 per cent. | CO2 | 10 |
| b. | Explain the purpose and benefits of various types of Bonds. | CO1 | 10 |
|  |  |  |  |  |
| 5. | a. | Jaya Ltd has a 14 per cent debenture with a face value of Rs. 100 that matures at par in 15 years. The debenture is callable in five years at Rs.114. It currently sells for Rs.105. Calculate each of the following for this debenture:   1. Current yield 2. Yield to call 3. Yield to maturity | CO2 | 10 |
| b. | The following three portfolios ANZ , BNP and Sunlife provides the particulars given below:   |  |  |  |  | | --- | --- | --- | --- | | Portfolios | Average annual return | Standard deviation | Beta | | ANZ | 18 | 27 | 0.8 | | BNP | 14 | 18 | 1.2 | | Sunlife | 15 | 8 | 0.9 | | Market | 13 | 12 |  |   Risk free rate of interest is 9%  Rank the above portfolios using Sharpe index and Treynor method | CO3 | 10 |
| **(OR)** | | | | | |
| 6. | a. | State the distinguishing features of Capital Market Line (CML) and Security Market Line (SML) | CO1 | 10 |
| b. | During the past five years, the returns of a stock were as follows :   |  |  |  | | --- | --- | --- | | **Years** | Returns of X | Returns of Y | | **1** | 0.07 | -0.02 | | **2** | 0.03 | 0.06 | | **3** | -0.09 | 0.08 | | **4** | 0.06 | 0.12 | | **5** | 0.10 | 0.09 |   Compare and Interpret the results from the following:   1. Variance 2. Standard deviation | CO2 | 10 |
|  |  |  |  |  |
| 7. | a. | What are the factors that determine the Economic and Company Analysis for investment decisions? Discuss them. | CO1 | 10 |
| b. | Write notes on :   1. RSI (Relative Strength Index) 2. Candlestick patterns (any three) 3. Technical Analysis | CO2 | 10 |
| **(OR)** | | | | | |
| 8. | a. | Briefly Explain Dow theory. How is it used to determine the direction of the stock market? | CO1 | 10 |
| b. | What is the significance of Efficient Market hypothesis in investment decisions? | CO1 | 10 |
|  | | **Compulsory**: |  |  |
| 9. | a. | A security pays a dividend of Rs.3.85 and sells currently at Rs. 83. The security is expected to sell at Rs.90 at the end of the year. The security has a beta of 1.15. The risk free rate is 5 per cent and the expected return on market index is 12 per cent. Assess whether the security is correctly priced. | CO3 | 10 |
| b. | The following data is given on the market return and the Eicher Motors company scrip returns for a particular period.   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Market Return | .50 | .60 | .50 | .60 | .80 | .50 | .80 | .40 | .70 | | Scrip Return | .30 | .60 | .40 | .50 | .60 | .30 | .70 | .50 | .60 |   i) Compute the Beta value of Eicher Company Scrip?  ii) If the market return is 10, what would be the scrip return? | CO3 | 10 |