



ROLL NO.

PRESIDENCY UNIVERSITY, BENGALURU
SCHOOL OF MANAGEMENT

Max Marks: 100

Max Time: 180 Mins

Weightage: 40 %

ENDTERM FINAL EXAMINATION

I Semester AY 2017-18

Course: **FIN 301 SECURITY ANALYSIS AND
PORTFOLIO MANAGEMENT**

21 DEC 2017

Instructions:

- i. Write legibly
- ii. Scientific and non programmable calculators are permitted

Part A

[4 Q x 5 M= 20 Marks]

1. What are Support and Resistance levels in Technical Analysis? How are they used for obtaining trade signals ?
2. What are 'Yield Spreads' ? How is this used as a Strategy in Bond Portfolio Management ?
3. What is R^2 ? What is its interpretation with regard to an Investment.
4. What are Callable and Puttable Bonds ? When is a Call and Put option in a Bond likely to be exercised ?

Part B

[5 Q x 8 M= 40 Marks]

5. Explain with diagrams any **four** Chart Patterns that are widely used in Technical Analysis.
6. Briefly explain the Efficient Market Hypothesis and the classification of markets as Weak, Semi-Strong and Strong Markets.
7. The details of a Coupon Bond are as follows :

Issue Price	₹1000
Coupon Rate	10% pa
Coupon Payment	Annual
Maturity	5 Years
Market Price	₹1060

From the above, calculate

- a) Yield of the Bond
- b) YTM of the Bond
- c) The price you would pay for the bond if the current interest rates are 8% pa.

8. Eros Ltd. a dividend paying stock has a beta of 1.30. Its price is expected to touch ₹240 a year from now. The returns of the market for the next one year is expected to be 15% and one year risk free rates are 8% pa. The dividend that is expected from the stock one year from now is ₹ 4. From the information provided, compute :
- Intrinsic value of the stock using **single** period holding of 1 year.
 - Intrinsic value of the stock using Dividend Discount Model assuming a **constant growth** rate of dividend to be 4% pa.
9. What are Relative Valuation models? In this regard explain PE ratio and also how PE ratio is useful in analyzing the price of a share.

Part C

[2 Q x 20 M= 40 Marks]

10. A investor is considering investing any one of the following Bonds. His objective is to reduce the interest rate risk using Duration Analysis. The details of the bonds are as follows:

Type of Bond	Remaining Maturity	Current Market Price of the Bond
8.5% Annual Coupon Bond	5 Years	₹ 1050
9.0% Zero Coupon Bond (Annual Compounding) (Original Maturity was 7 Years)	5 Years	₹ 1200

If the Current Interest rates are 8% pa, find the Modified Duration of both the Bonds and advise the investor with regard to which investment he should consider taking into account his objective.

11. You are considering investing in the following portfolio's, the historical information of which is given below along with the market :

Year	Historical Returns			
	HDFC	ICICI	IDFC	Market Index
2013	18%	22%	20%	14%
2014	24%	26%	18%	8%
2015	-6%	-14%	-10%	2%
2016	10%	12%	8%	10%
2017	14%	20%	22%	12%

Using the above information rank the portfolio's using Sharpe Ratio, Treynor Ratio and Alpha. Also state which of the funds have outperformed the market. Assume that the average risk free rate of return to be 7%pa.



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Max Marks: 60

Max Time: 120 Mins

Weightage: 20 %

**2016 MBA III Semester
MID TERM EXAMINATION**

I Semester AY 2017-2018

Course: FIN 301

10th Oct'17

Security Analysis and Portfolio Management

Instructions:

- i. Write legibly
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Part A

(5 Q x 2 M= 10 Marks)

1. State any four constraints of Investment.
2. What is meant by Purchasing Power Risk with regard to Investments?
3. What is Effective Rate of Return? Give Example.
4. What is Beta? What is the implication of having Zero Beta?
5. What is a Market Index ? State any two International Equity Market Indexes.

Part B

(6Q x 5M= 30 Marks)

6. Differentiate between Systemic and Un systemic Risk of Investments.
7. What is Risk Tolerance of an Investor? Explain the various factors that influence Risk Tolerance.
8. An Investor has two investment options. The details of the investments are given below :

Investment	Pre Tax Annual Percentage Returns	Compounding of Returns	Tax Rate on Returns
Tax Free Bond	9.5%	Quarterly	0%
Taxable Bond	12.00%	Annual	20%

If the expected Inflation in the economy is 6% pa, compute the After Tax Effective Real Rate of Returns on both the investments

9. The price movement of a Stock and the Market Index are given below :

Year	Stock		Market	
	Opening Price	Closing Price	Opening Price	Closing Price
1	106	124	1200	1260
2	124	100	1260	1380
3	100	130	1380	1340
4	130	150	1340	1420
5	150	166	1420	1500

From the above information determine whether the stock is an Aggressive stock or a Defensive Stock.

10. What is an 'Investment'? What are the various steps involved in the process of Investment? Briefly explain.

11. From the following information, find the CAGR of the Investment :

Year	Opening Price	Closing Price	Dividend
1	208.00	226.00	4.00
2	226.00	202.00	3.00
3	202.00	244.00	4.00
4	244.00	268.00	3.00
5	268.00	256.00	2.00

Part C

(1Q x 20 M= 20 Marks)

12. A investor wants to create a 2 Asset Equal Weighted Portfolio from out the 3 stocks that he has selected. The details of the year end stock price for the past 5 years is as follows :

Year	Stock X	Stock Y	Stock Z
1	90	400	200
2	110	380	240
3	140	360	280
4	120	440	220
5	130	500	300

The investor wants to create a equal weighted portfolio of Stock X and either of Stock Y or Stock Z. Suggest to the investor which 2 asset combination either XY or XZ would reduce the risk to the maximum extent with necessary calculations and explanation.