PRESIDENCY UNIVERSITY, BENGALURU
SCHOOL OF MANAGEMENT

Max Marks: 100   Max Time: 180 Mins   Weightage: 40%   **Set A**

COMPREHENSIVE EXAMINATION

I Semester 2016-2017   Course **MBA 210: Security Analysis and Portfolio**   10 December 2016
Management

Part A

(10 Q x 2 M= 20 Marks)

1. What is fundamental Analysis?
2. What is unsystematic Risk?
3. What is Beta? How is it interpreted?
4. What is yield to maturity?
5. What is technical Analysis?
6. What is Random walk Theory?
7. What is optimal portfolio?
8. What is efficient frontier?
9. What is capital Market line?
10. What is Capital Asset pricing model?

Part B

(8 Q x 5 M= 40 Marks)

1. Explain with suitable examples how security Return and Risk are estimated under single index model?
2. Arvin considers Rs 1000 par value bond bearing a coupon rate of 11% that matures after 5 years. He wants a minimum yield to maturity of 15%. The bond is currently sold at Rs 870.should he buys the bond?
3. Jaya limited has a 14 percent debenture with a face value of Rs 100 that matures at par in 15 years. The debenture is callable in 5 years.at Rs 114.it currently sells for Rs 105. Calculate each of the following for this debenture.
   A. Current yield
   B. Yield to Maturity
4. Explain weak form of efficient market Hypothesis? Describe the empirical tests used for testing the weak form efficiency?
5. Calculate NAV With the help of information given below
   a. Name of the scheme: ABC
   b. Size of the scheme : Rs 100 crore
   c. Face value of the share: Rs 10
   d. No of outstanding shares : Rs 10 crore

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Max Marks: 80   Max Time: 120 Mins   Weightage: 20 %

Set B

MID TERM EXAMINATION

III Semester 2016-2017   Course: **MBA A 210 Security Analysis & Portfolio Management**   03 October 2016

Instructions:

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

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Part A
(10 Q x 2 M = 20 Marks)

Answer the following questions

1. What is Arbitrage?
2. Define Risk and Return?
3. What do you mean by Duration?
4. What is a YTC
5. State any 5 investment alternatives?
6. Who is called a passive investor?
7. State any two Equity valuation methods?
8. What is convexity?
9. What is green infra bond?
10. What is a defensive share?

Part B
(6 Q x 5 M= 30 Marks)

11. Define Investment? What are the objectives of investment?
12. Explain the process of investment in detail?
13. What is zero coupon bond? Explain the risks associated in bond?
14. a) A Rs 100 par value bond bears a coupon rate of 14% and matures after five years, interest is payable semiannually. Compute the value of the bond if the required rate of return is 16%.

    b) A Rs 1000 par value bond bears a coupon rate of 12% and matures after 6 years, interest is payable semi annually. compute the value of the bond if the required rate of return is 16%.compounded semiannually.
15. Define Scalper? Differentiate between Investment and speculation?
16. a) Define constant growth rate model?

    b) The current dividend on an equity share of pioneer Technology is Rs 3.Pioneer is expected to enjoy an above normal growth rate of 40% for 5 years. Thereafter the growth rate will fall and stabilize at 12%.Equity investors require a return of 15% from pioneer's stock. What is the intrinsic value of equity share of pioneer?

Part C
(2 Q x 15 M = 30 Marks)

17. A 12% coupon bond has a maturity of 5 years. It pays interest semiannually; its YTM is 5% per half year period. What is its duration (Face value is 1000).

18. a) A 10 years 12% coupon bond with face value of Rs 1000/- is currently trading at Rs 975/- in the market. The bond carries a call option to redeem at Rs 1100/- after 5 years from the issue. Compute the YTM and YTC on this bond.

b) Determine Macaulay's Duration of the bond that has a face value of Rs 1000.an annual coupon rate and 6 years until maturity. The Bond's YTM is 12%.Also calculate Modified duration.

e. Market value of the funds Investments: Rs 180 crore

f. Receivables: Rs 1 crore g. Accrued Income: 1 crore h. Liabilities: 0.5 crore. Accrued expenses: Rs 0.5 crore

6. What is meant by fundamental Analysis? How does fundamental Analysis different from technical Analysis?

7. Explain in Detail the Dow theory and how it is used Determine the direction of the stock market?

8. Discuss the following measures of portifolio Performance: Treynor measure,sharpe measure, Jensen measure ?

Part C

(2 Q x 20 M= 40 Marks)

1 a. The current dividend on equity share of pioneer technology is Rs3.00. Pioneer is expected to enjoy an above normal growth rate of 40 percent for 5 years . Thereafter the growth rate will fall and stabilize at 12 percent. Equity Investors require a return of 15 percent from Pioneers stock. What is the intrinsic value of the equity shares of pioneer? (using two – stage growth model)

b. Arul got the following information regarding his favourite stocks. He wants to invest in all the four stocks equally.

Stock	α	β	$\sigma^2 ei$
1	1.27	1.50	50
2	1.02	1.05	40
3	2.48	1.37	20
4	0.47	0.86	35

Market variance is 25. Markets expected return is 20%

(a) what would be Arul's portfolio return and risk

(b) can you advise him regarding the amount to be allocated on each security so as to enable his earnings?

2.a A Rs 100 par value Bond bears a coupon rate of 14 % and Mature after 5 years . Interest is payable semi- annually. Compute the value of the Bond if the required rate of return is 16 %

2 b. The returns on securities A and B are given below

Probability	Security A	Security B
0.5	4	0
0.4	2	3
0.1	0	3

Given the security of your preference, security has to be selected on the basis of return and risk.