Seat No: _____________ Enrollment No: _____________

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
MBA Winter 2018 - 19 Examination

Semester: 3 **Date: 30/10/2018**
Subject Code: 06201202 **Time: 02:00 pm to 04:30 pm**
Subject Name: Security Analysis & Portfolio Management **Total Marks: 60**

Instructions
1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.

A).Multiple choice type questions/Fill in the blanks. (Each of 1 mark) **(05)**

1. S&P CNX NIFTY stands for
   a) Standard & Poor CRISIL NSE Index. c) State & Private CRISIL NSE Index.
   b) Sensitive and Private Companies of NSE 50 d) None of the above
2. Systematic risk includes
   a) Interest Rate Risk c) Market Risk
   b) Recession d) All of the above
3. Market risk is best measured by the
   a) Alpha c) Beta
   b) Standard Deviation d) Coefficient of Variation
4. Weak form market efficiency
   a) Implies that the expected return on any security is zero. c) involves price and volume information.
   b) incorporates semi strong d) is compatible with technical analysis.
5. In which type of order, price is not required to mention?
   a) Limit Order c) Market Order
   b) Stop Loss order d) None of the above

B).Define the following. (Each of 1 mark) **(05)**

1. Systematic Risk
2. Immunization
3. YTM
4. Default Risk
5. Initial Margin

C).Direct questions. (Each of 1 mark) **(05)**

1. What is difference between real return and nominal return?
2. Explain open Interest
3. What is diversification?
4. Explain variance
5. Intrinsic Value

Q.2 Answer the following questions.

A). The rate of return on the stock of SBI and on the market portfolio for 6 periods has been as follows: **(07)**

Year	Return of SBI in %	Return of Nifty in %
1	32	24
2	28	22
3	-25	-18
4	-5	19
5	24	22
6	30	25

What is the Beta and Correlation of SBI.

B). A pension fund manager is considering three mutual funds. The first is a stock fund, the second is a long term bond fund, and the third is a T-Bill money market fund that yields a risk free rate of 8%. The probability distribution of the risky funds i.e. stock and bond fund is as follows: **(08)**

Details	Expected Return	Standard Deviation
Stock Fund	20%	30%
Bond Fund	12%	15%
The Correlation between the fund return is 0.10.		

1. What are the investment proportions in the minimum variance portfolio of the two risky funds?
2. What is the expected return and standard deviation of return of such portfolio?

Q.3 Answer the following questions.

A). Explain Economic Analysis and discuss the impact of GDP, Inflation Rate, Interest Rate, Population and Agriculture on stock market **(07)**

B). Following bond has been considered as a part of your fixed income portfolio **(08)**

Coupon Rate: 10%
Yield to Maturity: 10%
Maturity: 10 years

i) Find duration of the bond.
ii) What will be the effect of the following changes on the duration of bond?
(1) Coupon rate is 7% rather than 10%
(2) YTM is 13% rather than 10%
(3) Maturity period 8 years rather than 10 years

Consider one change at a time.

Q.4 Attempt any two questions. (Each of 7.5 mark) **(15)**

1. Gambling is fundamentally different from investment & speculation. In the light of this sentence explain the difference between investment, speculation & gambling.
2. Explain the portfolio Management process
3. Consider the following information for three mutual funds L,M and N, and the Market

Details	Mean Return %	Standard Deviation %	Beta
L	15	20	1.6
M	12	11	0.8
N	18	15	1.3
Market Index	13	14	1

The mean risk-free rate was 8 percent. Calculate Treynor measure, Sharpe Measure and Jensen Measure for three mutual funds and the market index

4. Write a short note on Efficient Market Hypothesis