

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com.(Hons) Summer 2018 – 19 Examination

Semester: 5
Subject Code: 16101301
Subject Name: Security Analysis and Portfolio Management

Date: 30/04/2019
Time: 10:30am to 1:00pm
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.****(06)**

1. Which is a financial derivative?

a) Forward	b) Futures
c) Swap	d) All of the above
2. Return is an outcome of _____.

a) Primary Market	b) Risk
c) Secondary Market	d) Investment
3. _____ person sells shares in expectation of fall in share price for buying shares at lower price at future date.

a) Bull	b) Cow
c) Bear	d) None
4. LIBOR stands for _____.

a) London internal bank offer rate	b) London inter-bank offer rate
c) London bank offer rate	d) London internal rate
5. Spot Price denotes _____ Price of financial instrument.

a) Current Price	b) Forward price
c) Future Price	d) Notional Price
6. _____ is the probability of getting return.

a) Return	b) Money
c) Risk	d) None

B) Answer the following.**(06)**

1. What is Prospectus?
2. What is Portfolio?
3. What is Book Building?
4. What is Risk?
5. What are Zero coupon bonds?
6. What is primary market?

Q.2 Answer the following.**(12)**

1. What are sources of systematic risk?
2. Explain the examples of unsystematic risks.
3. (a) An investor 'A' purchased a bond at a price of Rs.900 with Rs.100 as coupon payment and sold it at Rs.1000. what is his holding period return?
 (b) If the bond is sold for Rs.750 after receiving Rs.100 as coupon payment, then what is the holding period return?

Q.3 Answer the following. (Any Three)**(18)**

1. What are the characteristics of investment?
2. What is price sensitive information for an organization?
3. If risk free rate of return is 6% as the treasury bill rate and market return is expected to vary with the β of 1.2. Market rate of return is 18% what is the expected return?

4. Anand owns Rs.1000 face value bond with five years to maturity. The bond has an annual coupon of Rs.75. The bond is currently priced at Rs.970. Given an appropriate discount rate of 10%, should Anand hold or sell the bond?

Q.4 Answer the following. (Any two)

(18)

1. The following information is given about two companies Rani Limited & Raja Limited.

Compute standard deviation of the returns of their shares.

Rani Limited		Raja Limited	
Return (ri)	Probabilities (pi)	Return (ri)	Probabilities (pi)
5	0.10	5	0.05
7	0.20	7	0.15
9	0.30	9	0.20
11	0.25	10	0.40
13	0.15	11	0.20

2. List and explain macro economy factors.
3. List the content of prospectus.