



**KUMARAGURU**  
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**MBA END SEMESTER EXAMINATIONS: APRIL 2018**

(Regulation 2017)

Second Semester

**MASTER OF BUSINESS ADMINISTRATION**

P17BAEEF11: Security Analysis and Portfolio Management

**Time : Three Hours**

**Maximum Marks: 50**

**PART - A (10x 1 = 10 marks)**

**Answer All questions**

- |    |  |     |    |
|----|--|-----|----|
| 1  | Compare investment and speculation                             | C01 | K1 |
| 2  | List out the various methods of new issue.                     | C03 | K1 |
| 3  | Recall the term free float.                                    | C03 | K1 |
| 4  | What is meant by EIC framework?                                | C03 | K1 |
| 5  | List out any five ratios used in company analysis.             | C03 | K1 |
| 6  | What is candlestick chart?                                     | C03 | K1 |
| 7  | Define Random walk theory.                                     | C04 | K1 |
| 8  | What is Markowitz model?                                       | C04 | K1 |
| 9  | What is Optimal portfolio?                                     | C04 | K1 |
| 10 | State the different methods of construction optimal portfolio. | C04 | K1 |

**PART- B ( 10 x 3 = 30 marks)**

**Answer any Three questions**

- |    |   |     |    |
|----|---|-----|----|
| 11 | Discuss in detail the stock market indicators in detail and also state the advantages of listing.                           | C03 | K4 |
| 12 | (i) Explain in detail the Industry analysis in detail with suitable industry life cycle diagram.(5)                         | C03 | K2 |
|    | (ii) Discuss in detail Random walk analysis with suitable examples.   |     |    |
| 13 | Explain in detail the different types of charts used in Technical analysis and also state the importance of ROC and RSI (5) | C03 | K2 |

- 14 (i) Stocks of L and M yielded the following returns for the past two years. CO3 K4

Years	Return %	
	L	M
2015	12	14
2016	18	12

- What is the expected return on portfolio made up of 60% of L and 40% of M?
  - Find out the standard deviation of each stock.
  - What is the covariance and coefficient of correlation between stocks L and M?
  - What is the portfolio risk of a portfolio made up of 60% of L and 40% of M?
- (7)

(ii) Explain the methods of valuing equity shares (3)

- 15 Explain in detail the different methods of evaluation of portfolio performance and also the portfolio revision strategies in detail. CO4 K4

**PART C case study ( 10 Marks)**

- 16 Vinod received Rs.10 lakh from, his pension fund. He wants to invest in the stock Market. The treasury bill rate is 5% and the market return is 10%. The following details regarding the expected rate of return, beta and residual variance of the individual security. What is the optimal portfolio assuming no short sales. CO4 K5

Security	Expected return	Beta	Residual variance
A	15	1.0	30
B	12	1.5	20
C	11	2.0	40
D	8	0.8	10
E	9	1.0	20
F	14	1.5	10

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