QP CODE: 23701539

23701539

Reg No : .....

Name : .....

M.B.A. DEGREE EXAMINATION, NOVEMBER 2023

Third Semester

Faculty of Management Science

ELECTIVE - MB800301 - SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

2019 Admission Onwards

7A64A57B

Time: 3 Hours Maximum Marks: 60

Part A

*Answer any **five** questions. Each question carries **2** marks.*

1. How do you differentiate speculation from gambling with examples?
2. What is a new issue market?
3. Distinguish between market order and limit order.
4. What do you mean by short selling?
5. What is Beta? How is it interpreted?
6. What are the implications of strong form of market efficiency?
7. What is the meaning of portfolio revision?

(5×2 = 10 Marks)

Part B

*Answer any **five** questions. Each question carries **6** marks.*

8. Explain the meaning and objectives of investment.
9. What are the principal weaknesses of Indian stock market?
10. What are the statistical tools used to measure the risk of the securities return.Explain.
11. Explain the assumptions of Capital Asset Pricing Model.
12. What are the economic factors that an investor must monitor before making investment decision?

13. Explain Dow Theory and how it is applicable to determine the direction of stock market.

14. What do you mean by efficient frontier? Explain this concept in the context of portfolio selection.

(5×6 = 30 Marks)

Part C

*Answer any **two** questions. Each question carries **10** marks.*

Question number 17 is compulsory .

15. Following is the data regarding six securities:(a) Which of the securities will be selected? (b) Assuming perfect correlation, analyse whether it is preferable to invest 75% in Security A and 25% in Security C.

Scrip	**A**	**B**	**C**	**D**	**E**	**F**
Return	8	8	12	4	9	8
Risk in % (SD)	4	5	12	4	5	6

16. Does an investor need to evaluate all the portfolios of 'feasible set' to determine his or her 'best' or 'optimal' portfolio? Support your answer with reasons.

Compulsory Question

17. Cipla 's efficient portfolio is with an expected return of 15% and standard deviation of 12%. Suppose that the lowest variance portfolio with zero correlation with the efficient portfolio has an expected rate of return of 5%. Next, assume that security Glaxo has a standard deviation of 20% and a correlation coefficient of 0.6 with the efficient portfolio. What does the expected rate of return on the asset have to be in order to be consistent with the mathematical relationship for efficient portfolios?

(2×10 = 20 Marks)