Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3 – EXAMINATION – SUMMER 2019

Subject Code: 2830203 **Date:10/05/2019**
Subject Name: Security Analysis And Portfolio Management
Time: 02:30 PM To 05:30 PM **Total Marks: 70**

Instructions:
1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1 (a) Answer the following multiple questions. **6**

1. The net asset value of a mutual fund investing in stock rises with
   - A. higher stock prices
   - B. lower equity values
   - C. an increased number of shares
   - D. increased liabilities
2. While bond prices fluctuate
   - A. yields are constant
   - B. coupons are constant
   - C. the spread between yields is constant
   - D short-term bond prices fluctuate even more
3. If a portfolio manager consistently obtains a high Sharpe measure, the manager's forecasting ability ___________.
   - A. is above average
   - B. is average
   - C. is below average
   - D. does not exist.
4. Which of the following is on the horizontal axis of the Security Market Line
   - A. Standard deviation
   - B. Beta
   - C. Expected return
   - D. Required return
5. As the debt ratio increases
   - A. fewer assets are debt-financed, and the ratio of debt-to-equity increases
   - B. fewer assets are debt-financed, and the ratio of debt-to-equity decreases
   - C. more assets are debt-financed, and the ratio of debt-to-equity increases
   - D. more assets are debt-financed, and the ratio of debt-to-equity decrease
6. What does the market price of a bond depend on?
   - A. The coupon rate and terms of the indenture
   - B. The coupon rate and maturity date
   - C. The terms of the indenture, and maturity date
   - D. The coupon rate, terms of the indenture, and maturity date

Q.1 (b) Short / Definition Questions **04**
1. Margin Trading
2. Short sell
3. Beta
4. Stop loss order

Q.1 (c) Discuss T+2 Trading settlement system. **04**

Q.2 **(a)** What is investment? Discuss various investment avenue with their risk factor? **07**

(b) What is Efficient Market Hypothesis? Discuss their form of Hypothesis. **07**

OR

(b) Being a Financial Advisor of Mr. Ramesh suggest Portfolio Process to invest his funds. **07**

Q.3 **(a)** Give detail on CAPM Model? Discuss Role of Beta. **07**

(b) During last five years the returns of the stock were as follows **07**

Year	Return
1	7
2	3
3	-9
4	6
5	10

Compute Cumulative wealth index, arithmetic mean, geometric mean, variance and standard deviation.

OR

Q.3 **(a)** Give details on Assumptions of CAPM Model **07**

(b) 1000 rs. Par value bond currently selling at 992 matures after 6 years with coupon rate of 12%. If discount rate is 8% should Mr. Mahesh buy this bond? **07**

Q.4 **(a)** Explain Different Indicators of technical Analysis **07**

(b) Elaborate Duration and Convexity for bond portfolio. **07**

OR

Q.4 **(a)** What is mutual fund? State how mutual fund played vital role in financial Market? **07**

(b) Financial Analyst has two different alternative Stock X and Y. Probability of return are given below **07**

P	X	Y
0.30	15	25
0.50	13	10
0.20	8	-6

Find out expected return and standard deviation for both the stocks and suggest best alternative to invest.

Q.5 The rates of return on Stock A and market are given below **14**

period	1	2	3	4	5	6	7	8	9	10
Return on A	24	13	15	14	12	6	-8	15	-9	25
Return on Market	12	14	13	10	9	7	1	12	-11	7

What is beta of Stock A and draw Characteristic line?

OR

Q.5 You were invested in three different portfolios namely P, Q and R and the mean, standard deviation and beta of them with market are given. **14**

Portfolio	Mean Return (%)	S.D.	Beta
P	17.1	28.1	1.20
Q	14.5	19.7	0.92
R	13.0	22.8	1.04
Market	11	20.5	1.00

If risk free return is 8.6, calculate portfolio performance of P, Q, and R by Sharpe, Treynor and Jensen method and rank them by their performance.

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