Registration no:

Total Number of Pages: 02   **MBAP**
                                                                                        MBP602B

6th Semester Regular Examination – 2016-17
SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT
BRANCH(S): MBA(PT)
Time: 3 Hours
Max marks: 70
Q.CODE:Z1226
Answer Question No.1 which is compulsory and any five from the rest.
The figures in the right hand margin indicate marks.

Q1   **Answer briefly the following questions:**   **(2 x 10)**
   a) Distinguish systematic and unsystematic risk?
   b) What is Capital Market Line (CML)?
   c) Outline the needs and constraints of portfolio revision.
   d) Explain the two types of risk associated with investment in Bonds.
   e) What is the difference between risk and uncertainity?
   f) What is Beta(β) in portfolio management?
   g) What are the five different phases of portfolio management.
   h) How many parameters must be estimated to analyse the risk-return of a
          portfolio of 50 shares applying (i) Markowitz Model and (ii)Sharpe's
          Index Model?
   i) How is Sharpe ratio(SR) different from Treynor Ratio (TR)?
   j) Distinguish between investment and speculation.

Q2   Describe the Markowitz Model of portfolio selection with appropriate   **(10)**
           diagrams. Write any two limitations of the model.

           The following data are available to you as a portfolio manager:

Security	Estimated Return(%)	Beta	Standard Deviation(%)
1	32	2.10	50
2	30	1.80	35
3	25	1.65	42
4	20	1.30	26
5	18	1.15	29
6	15	0.85	18
7	14	0.75	20
8	12	0.50	17
Market index	16	1.00	25
Govt.Security	7.5	0	0

Q3 appears at the left margin beside the table with marks **(10)**

   (a) In terms of security market line, which of the securities listed
       above are undervalued?

(b) Assuming that a portfolio is constructed investing equal proportion of fund in each of the above securities ,what is the expected return and risk of such a portfolio ?

Q4 What is efficient market hypothesis ?Briefly discuss the empirical tests of weak, semi-strong and strong form of efficiency . **(10)**

Q5 Discuss Formula plans in portfolio revision, with examples. **(10)**

Q6 "When an investor is assumed to use riskless lending and borrowing in his investment activity, the shape of the efficient frontier transform into a straight line."Explain with examples. **(10)**

An investor owns a portfolio composed of five securities with the following characteristics: **(10)**

Q7

Security	Beta	Random error term Standard deviation (in %)	Proportion
1	1.35	5	0.10
2	1.05	9	0.20
3	0.80	4	0.15
4	1.50	12	0.30
5	1.12	8	0.25

If the standard deviation of the market index is 20% , what is the total risk of the portfolio?

Q8 **Write notes on: (Any Two)** **(5 x 2)**
a) Fundamental analysis
b) Dow Theory
c) Charts used in Technical Analysis.