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1505M175

Candidate's Seat No : _____

M.B.A.-II (Sem.-IV) Examination
Security Analysis and Portfolio Management
May-2017

[Max. Marks : 100]

Time : 3 Hours]

- Q.1 A. Define Investment. What is Mutual Fund and Asset Management Company? Discuss the present position of Mutual Funds in India. 10
- B. Define and Differentiate Capital Market Line and Security Market Line. 10
- Q.2 A. The returns of two assets under four possible states of nature are given below: 10

State	Probability	Return on Asset 1(%)	Return on Asset 2 (%)
1	0.40	-6	12
2	0.10	18	14
3	0.20	20	16
4	0.30	25	20

- a. What is standard deviation of the return on asset 1 and asset 2?
- b. What is co-variance between returns on asset 1 and 2?
- B During past five years, the returns of stock were as follows : 10

Year	Return
1	0.07
2	0.03
3	-0.09
4	0.06
5	0.10

Compute the following: Cumulative wealth index, Arithmetic Mean, Geometric Mean, Variance and Standard Deviation

- Q-3 A. From the following information calculate the following : 20
1. What are the betas of the stocks?
 2. What is expected return on each stock if the market return is equally likely to be 6% or 20%?
 3. If the risk free rate is 7% and the market return is equally likely to be 6 or 20% what is the SML?
 4. What are the alphas of the two stocks?

Market Return	Aggressive stock	Defensive stock
6%	2%	8%
20	30	16

OR

(P.T.O)

- Q-3 A. Explain three forms of efficient hypothesis. 10
B. Diversification reduces risk. Do you agree? Why? 10

Write short note on : (Any two) 20

- Q.4 1. Efficient Frontier
2. CAPM and APT
3. Random Walk Theory

- Q-5 A. Consider the following information for three mutual funds L,M and N, and the market. 10

Particular	Mean Return(%)	Standard Deviation(%)	Beta
L	15	20	1.6
M	12	11	0.8
N	18	15	1.3
Market Index	13	14	1.0

The mean risk free rate was 8 percent. Calculate the Treynor Measure, Sharpe Measure, Jensen Measure and M Square for three mutual funds and the market index.

- B. What is difference between Technical Analysis and Fundamental Analysis? Explain the Moving Average, ROC and RSI as tool for Technical Analysis. 10

