

M.B.A. (CBCS Pattern) Semester - IV
PCB4EB4 - Security Analysis & Portfolio Management

P. Pages : 2

Time : Three Hours



GUG/S/23/10724

Max. Marks : 70

- Notes :
1. Attempt **any five** questions.
 2. All questions carry equal marks.
 3. Use present value factor table.

1. The equity share of Star Ltd. has a required rate of return of 15%, a growth rate of 6% and current market price of ₹275. The EPS in the last year was ₹47 and dividend payout ratio is 45%. Determine the intrinsic value of share as per, **14**
- a) P/E model
 - b) Dividend discount model (DDM)

2. AMD Ltd. issued fully convertible debentures at a face value of ₹ 100 with coupon rate of 9% which is convertible into 10 equity share of ₹ 1 each (at a price of ₹ 10 each) at the end of 3 years. Mukesh an investor want to buy these debentures from secondary market after 1 year from the issue, find intrinsic value of debenture if his required rate of return is 12% and price u/s share is expected to be ₹ 15 each at the time of conversion. **14**

3. The likely return of shares of K Ltd. and L Ltd. in the various economics conditions Both the shares are presently quoted at ₹ 250 per share. **14**

Economic Condition	Probability	Returns of K Ltd.	L Ltd.
High growth	0.25	110	180
Low Growth	0.25	130	150
Stagnation	0.30	160	100
Recession	0.20	190	70

- i) Which of the companies is risky investment.
- ii) Mr. Suraj has ₹ 2000 and wants you to recommend one of the above two shares for investments.

4. Closing values of BSE Sensex from 7th to 20th March, 2019 where as follows. **14**

Day	Date	Day	Sensex
1	7	Thu	12522
2	8	Fri	12925
3	9	Sat	No trading
4	10	Sun	No trading
5	11	Mon	13222
6	12	Tue	14000
7	13	Wed	14400
8	14	Thu	15000
9	15	Fri	15200
10	16	Sat	No trading
11	17	Sun	No trading
12	18	Mon	15500
13	19	Tue	16000
14	20	Wed	16400

Calculate Exponential moving Average of the Sensex during the above period. The 30 days simple moving average of the Sensex can be assumed as 13,000. Draw graph of EMA, EMA Factor = 0.062.

5. Calculate Treynur's Ratio, Sharpe Ratio and Jenson's alpha ratio on the basis of the following portfolio. 14

Portfolio	M	N	O	P	Q
Expected Return	17	15	18	16	14
Beta	1.15	1.50	1.8	1.20	0.90

The expected return on market portfolio is 13%. The risk free rate of return is 12% and standard deviation is 6.5%, which port-folio has performed as the best.

6. Explain the impact of growth on price, returns and P/E ratios. 14
7. How an investor can use Yield curve for investment decision? 14
8. Discuss the different approaches of portfolio selection in details. 14
9. Describe the components used in analyzing the financial statement. 14
10. Write a short note on **any two**. 14
- Technical analysis.
 - Random Walk hypothesis.
 - The process of Wealth management.
 - The twelve Pillars of investment.
