

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

P. Pages : 2

Time : Three Hours



GUG/S/24/10724

Max. Marks : 70

- Notes :
1. Attempt **any five** questions.
 2. All questions carry equal marks.
 3. Use Present Value Factor Table.

1. What are the different bond management strategies? Discuss in details. 14
2. Explain the concept of 'Dow Theory' Discuss the basic tenets of Dow Theory. 14
3. Discuss the different approaches of portfolio selection in detail. 14
4. What are the different factors affecting Economics Analysis? 14
5. Write a short notes on **any two**. 14
 - a) Fundamental principles of Technical analysis.
 - b) Carhart's 4 factor model.
 - c) Benjamin Graham's strategic Asset allocation model.
 - d) Different Methods of valuation of shares.
6. Z Ltd has a current Market price of ₹210. The Earning per share is ₹15 and dividend over the past year were ₹4 for next 3 year, the earning and dividends are forecasted as follows 14

| | | | |
|---------------|----|------|-------|
| Year | 1 | 2 | 3 |
| Earning (₹) | 20 | 24 | 29 |
| Dividends (₹) | 6 | 9.60 | 14.50 |

Constant growth in dividends and earnings of 5% is forecasted to begin from T=3, where as the payout ratio will become constant at 55%. Evaluate the equity share of the company using P/E Model and DDM if required rate of return is 20%.
7. Debenture of Emery Ltd. has par value of ₹100 with a coupon rate of 12% (interest is payable annually) and maturity of 5 years calculate the value of debenture if the required rate of return is 14
 - a) 12%
 - b) 14%
 - c) 10%

8. Mr. A is interested to invest ₹1,00,000 in the securities market. He selected two securities B & D for this purpose. The risk return profile of these securities are as follows: **14**

| Security | Risk | Expected Return |
|----------|------|-----------------|
| B | 10% | 12% |
| D | 18% | 20% |

Coefficient of correlation between B and D is 0.15.

You are required to calculate the portfolio risk and portfolio return of the following portfolio of B and D to be considered by A for his investment

- 100% investment in B only
- 50% of the fund invested in B & D only
- 75% of the fund in B & the rest 25% in D
- 25% of the fund in B & the rest 75% in D
- 100% investment in D only

Also indicate that which portfolio is the best for him from risk as well as return point of view?

9. Calculate Rate of change oscillator on the basis of 7 days rate of change for the following closing prices **14**

| Days | Closing Price | Day | Closing Price |
|------|---------------|-----|---------------|
| 1 | 70 | 10 | 80 |
| 2 | 72 | 11 | 79 |
| 3 | 73 | 12 | 78 |
| 4 | 70 | 13 | 76 |
| 5 | 74 | 14 | 75 |
| 6 | 76 | 15 | 77 |
| 7 | 77 | 16 | 78 |
| 8 | 75 | 17 | 76 |
| 9 | 78 | 18 | 75 |

Also draw ROC chart.

10. Mohit starts a business with an investment of ₹8,50,000. The expected cash inflow from the business are ₹1,10,000 for first 7 years and ₹1,75,000 for next 10 years. Recommend if the business is worthwhile given that the expected returns is 13%. **14**
