PCB4EB4 - Security Analysis & Portfolio Management

P. Pages : 2

Time : Three Hours

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GUG/W/23/10724

Max. Marks : 70

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Notes : 1. Attempt **any five** questions.
2. All questions carry equal marks.
3. Use PVF Table.

1. A large chemical co. will expected return 14% p. Year for the next 4 years and then to grow indifferently at the same rate as on national economic rate is 5%, the required rate of return on the equity share is 12%. **14**

    Assume that the company paid a dividend of Rs. 2/- per share last year.

    Determine the market price of the share today.

2. A bond whose par value is Rs. 3000, bare a coupon rate of 10%, and has a maturity period of 9 years. The Rate of Return on the bond is 12%. What is the value of this bond. **14**

3. A stock of A ltd perform relatively well to other stock during the period. The stock of B Ltd. On the other hand does well during both the period. Both the stock are currently selling for Rs. 100/- per share. You assess the rupee return (dividend + price) of the stock for the next year are as follows. **14**

Economic Conditions

Particulars	High growth	Low growth	Stagnation	Recession
Probability	0.4	0.2	0.2	0.2
Return on Stock A	90	120	140	160
Return on Stock B	170	150	90	70

Calculate the expected return and S. D. of investing

1) Rs. 700 in the equity stock A ltd & 300 in B ltd
2) Rs. 250 in equity stock of A ltd & 750 in B ltd
3) Rs. 500 each in equity of stock of A & B ltd.

4. Calculate the expected return and standard deviation of investing **14**

Closing value of BSE Sensex were as follows

Day	Closing price
1	130
2	132
3	130
4	135
5	137
6	134
7	136
8	140
9	140
10	142
11	139
12	141
13	145
14	143
15	145

Calculate Relative strength Index on the Basis of 14 changes. Also draw RSI chart

5. XYZ ltd has cash flow, until the surplus are utilize to meet the future capital expenditure. **14**
Likely to happen after several month the interest on portfolio of short term equity
investment for which information are given below.

Investment	No. of share	Beta	MPS	Expected dividend yield
I	60,000	1.16	4.29	19.5%
II	80,000	2.28	2.92	24%
III	1,00,000	0.90	2.17	17.5%
IV	1,25,000	1.5	3.14	26%

The current market Return is 19% and Risk free Rate is 11%
1) Calculate the Risk of xyz short term investment portfolio, relative to that of market.
2) Whether xyz ltd should change the composition of its portfolio.

6. Explain the Warren buffet and Indian investment gurus, **14**

7. Discuss various theories explaining the shape of yield curve. **14**

8. Explain the concept of Fiscal & Monetary policy. **14**

9. Explain the multistage growth model. **14**

10. Write a short notes on **any two.** **14**

a) Portfolio management process

b) Sharpe's single index model.

c) Preparation of equity Research Report

d) Arbitrage Pricing Theory.

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