Reg. No. | | | | | | | | | |

MBAS 505

III Semester M.B.A. Degree Examination, November/December 2019

BUSINESS ADMINISTRATION

Security Analysis and Portfolio Management

Time : 3 Hours] [Max. Marks : 70

SECTION – A

Note: Answer **any two** questions. Each question carries **10** marks. Answer to each question should not exceed **5** pages : **(2 × 10 = 20)**

1. Explain the features of secondary market in India.

2. What are the criticisms of variance as a measure of risk? Explain.

3. Explain the various investment alternatives available in Indian market.

SECTION – B

Note: Answer **any three** questions. Each question carries **12** marks. Answer to each question should not exceed **6** pages : **(3 × 12 = 36)**

4. Explain the various tools used for technical analysis.

5. Elucidate the different forms of market efficiency.

6. Using the following information, calculate the return on the portfolios by Sharpe's and Treyner's model. State which portfolio should be selected and justify your selection.

Portfolio	Return	Standard Deviation	Riskless rate of return	Beta
A	20%	4%	10%	0.05
B	24%	8%	10%	1.0

7. Calculate the value of a call option using the Black-Scholes model given the following information:

Current market price of the share: Rs. 75

Volatility (Standard Deviation, S): 0.45

Exercise Price (E): Rs. 80

Risk Free rate (r_f): 0.12

Time to expiration (t): 6 months

If an investor wants to buy a put with same exercise price and expiration date as call option, what will be the value of put option?

8. Calculate the expected rate of return and standard deviation of the return using the following information for the two securities and comment on the result:

Economic condition	Security A (Return %)	Security B (Return %)	Probability
Growth	18.5	18	0.25
Expansion	10.5	14	0.25
Stagnation	1.0	10	0.25
Decline	–0.6	1	0.25

SECTION – C

(Compulsory)

Note: Answer to each question should not exceed **6** pages : **(1 × 14 = 14)**

9. The following securities are available for investment for an investor. Select the optimal portfolio using Sharpe's single index portfolio selection method. Assume the risk free rate of return as 5 percent and the standard deviation of the market return as 25 percent.

Security	A	B	C	D	E	F	G	H	I	J
Return	12%	15%	13%	18%	14%	16%	13%	14%	11%	20%
Beta	1.5	1.8	1.2	1.3	1.02	0.6	0.8	15	1.2	1.5
Error	15%	16%	17%	20%	15%	14%	16%	13%	14%	16%