M.B.A.(with Credits)-Regular-Semester 2012 Sem IV

Paper-MBA242B - Security Analysis & Portfolio Management

P. Pages : 2

Time : Three Hours

GUG/W/16/5222

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Max. Marks : 70

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

1. Vardhman Ltd. earnings and dividends have been growing at a rate of 18% per annum This growth rate is expected to continue for 4 years. After that the growth rate will full to 12% for the next 4 years. Thereafter, the growth rate is expected to be 6% forever. If the last dividend per share was ₹ 2 and the investor required rate of return on Vardhman's equity is 15% what is the intrinsic value per share? **14**

2. Determine Macaulay's duration of a bond which has a face value of ₹ 1000 and 8% annual coupon rate and 4 years to go to maturity. The bond YTM is 10%? **14**

3. The returns on security j and the market portfolio for a 10 year period are given below. **14**

Year	:	1	2	3	4	5
Security j	:	10	6	13	-4	13
Market portfolio	:	12	5	18	-8	10
Year	:	6	7	8	9	10
Security j	:	14	4	18	24	22
Market port folio	:	16	7	15	30	35

Calculate Beta and alpha for security j.

4. Closing values of NSE Sensex from 6^{th} to 17^{m} January of the year 2016 were as follows. **14**

Days	Date	Day	Sensex
1	6	Thu	14522
2	7	Fri	14925
3	8	Sat	No Trading
4	9	Sun	No Trading
5	10	Mon	15222
6	11	Tue	16000
7	12	Wed	16400
8	13	Thu	17000
9	14	Fri	No trading
10	15	Sat	No trading
11	16	Sun	No trading
12	17	Mon	18000

Compute EMA of the Sensex during the above period. The 30 days simple moving average of the Sensex can be assumed as 15,000. The value of exponent for 30 days EMA is 0.062.

5. a) Calculate Treynor's Ratio and Sharpe Ratio on the basis of following data given regarding 4 portfolios. **7**

Portfolio	Expected Return	S.D	Beta
A	11%	6	0.80
B	14%	7.5	1.05
C	10%	3	1.25
D	15%	9	0.90

The expected return on Market portfolio is 8.5% with a S.D of 3. The R.F is 5% which portfolio has performed as the best.

b) Calculate Jenson's Alpha on the basis of the following portfolio. **7**

Portfolio	Rft	Rjt	Rmt	Beta
A	5	12	15	0.5
B	5	20	15	1
C	5	14	15	1.10

Select the best Portfolio.

6. What are the different bond management strategies? Discuss in details. **14**

7. Discuss the different approaches of portfolio selection in detail. **14**

8. What are the various tools for fundamental analysis. **14**

9. Explain the concept of 'Dow Theory' Discuss the basic tenets of Dow Theory. **14**

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

a) Fundamental principles of Technical analysis.

b) Carhart's 4 factor model.

c) Equity research report.

d) Different Methods of valuation of shares.

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