

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER –III-EXAMINATION – SUMMER-2022

Subject Code: 1539503**Date: 15-07-2022****Subject Name: Security Analysis and Portfolio Management****Time: 02:30 PM TO 05:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1 Explain the Following Terms** **14**
1. Alpha
 2. CML
 3. Support and Resistance
 4. YTM
 5. Short Selling
 6. Expected Return
 7. Margin Trading
- Q.2 (a) Define and Differentiate – Investment, Speculation and Gambling** **07**
- (b) What do you mean by Efficient Market Hypothesis, Also Explain the forms of Market efficiency.** **07**

OR

- (b) XYZ Limited's past five years, the returns of a stock were as follows:** **07**

Year	1	2	3	4	5
Return	10%	15%	20%	18%	12%

Compute Arithmetic mean, geometric mean, variance and Standard deviation for the XYZ Limited.

- Q.3 (a) Explain Dow Theory and trends associated with the theory in details.** **07**
- (b) What is the meaning of Capital Asset Pricing Model and also state its Major Assumptions.** **07**

OR

- Q.3 (a) The following information is available on a bond:** **07**
- Face value: Rs 100 & Current market price: Rs 110
- Coupon rate: 12 percent payable annually
- Years to maturity: 6
- What is the duration of the bond?
- (b) "The Arbitrage Pricing Theory can be used to identify mispriced securities" – Explain the statement in detail.** **07**

- Q.4 (a)** Consider the following information for three mutual funds, P, Q, and R, and the market. The mean risk-free rate was 6 percent.

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Particulars	Mean return (%)	Standard deviation (%)	Beta
P	12	18	1.1
Q	10	15	0.9
R	13	20	1.2
Market Index	11	17	1

Calculate the Treynor measure & Sharpe measure from above data

- (b)** What are the Industry and Economic Factors to be considered while forecasting security return?

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OR

- Q.4 (a)** Suppose the following historical returns have been earned for the stock market and the stock of company Rajesh Ltd.

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Period	Return on Market	Return on Mahesh Ltd.
1	6%	15%
2	5%	8%
3	9%	8%
4	14%	19%
5	10%	15%

Calculate Beta for Mahesh Ltd.

- (b)** What you mean by Portfolio Management? Explain the process of Portfolio management

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- Q.5** The returns of two assets under four possible states of nature are given below:

State of nature	Probability	Return on asset A	Return on asset B
1	0.1	5%	0%
2	0.3	10%	8%
3	0.5	15%	18%
4	0.1	20%	26%

- (a)** Calculate Mean and Standard Deviation of Return on Stock A
- (b)** Calculate Mean and Standard Deviation of Return on Stock B

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OR

- (a)** What is the covariance between the returns on Assets A and B?
- (b)** What is coefficient of correlation between the returns on Assets A and B?

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