

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA INTEGRATED-SEMESTER- VII-EXAMINATION- SUMMER-2024

Subject Code: 2577121**Date: 03/05/2024****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.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1** (a) Explain the meaning and significance of security analysis. **07**
 (b) Discuss about the efficient market theory and market hypothesis. **07**
- Q.2** (a) Explain the concept of CML line and SML line in detail. **07**
 (b) Explain the Arbitrage Pricing Theory in detail. **07**
- OR**
- (b) Explain in detail the Dow theory and how is it used to determine the direction of stock market? **07**
- Q.3** (a) Mr. X is thinking of buying one of three stocks: **07**
 Stock A with a beta of 0.85, Stock B with a beta of 1.25 and Stock C with a beta of 1.65. If risk free rate is 4.50% and the expected market return is 12.35%, the expected return of each security can be assume under CAPM. Find the expected return of stock A,B,C.
- (b) Discuss the important steps in the process of Portfolio Evaluation. **07**
- OR**
- Q.3** (a) Find out the expected return of a portfolio if the market standard deviation is 23% and risk free rate is 4%, the market return is 12% and standard deviation of portfolio is 5%. Using capital market line. **07**
- (b) Explain the concept of Efficient Frontier in Markowitz Model. **07**
- Q.4** (a) Explain the key difference between **07**
 a) Average mean and Geometric mean
 b) Systematic Risk and Unsystematic Risk
- (b) What are the basic premises of technical analysis? **07**
- OR**
- Q.4** (a) Explain the process of estimation of intrinsic value in fundamental analysis in detail. **07**
- (b) Explain different type of biases which reflects the psychological predisposition towards investment decision making. **07**
- Q.5** (a) Define the following: **07**
 a) Random walk theory
 b) Event Study
 c) Du-point analysis
- (b) Explain Gordon Dividend Discount model in detail along with Multi-stage model in similar line of Gordon. **07**
- OR**
- Q.5** (a) "Stock Exchanges are act as barometers of the health of the economy." Explain **07**
- (b) Compare the concept of speculation and gambling by giving suitable examples. **07**