Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA Integrated - SEMESTER– VII EXAMINATION – WINTER 2021

Subject Code: 2577121 Date: 01/12/2021

Subject Name: Security Analysis and Portfolio Management

Time: 10:30 AM to 01:30 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 **(a)** Define the following: **07**

a) Random walk theory
b) Event Study
c) Du-point analysis

(b) Explain different type of biases which reflects the psychological predisposition towards investment decision making. **07**

Q.2 **(a)** Consider the information of 3 stocks given below: - **07**

Name of Stock	Expected Return (%)	Expected Risk (S.D.%)
A	10	16
B	14	18
C	8	13

By assuming that the Return on the stock is "Perfectly Negatively Corelated", you are required to find out expected return and risk of the portfolio assuming the following combination.

Name of Stock	Percentage in Portfolio
A	25%
B	40%
C	35%

(b) Explain Gordon Dividend Discount model in detail along with Multi-stage model in similar line of Gordon. **07**

OR

(b) Explain Dow Theory and its significance in development of Technical Analysis in detail. **07**

Q.3 **(a)** From the data given, determine and draw the most suitable graph from the following. (graph to be prepared in answer sheet only) **07**

- Options of graphs
  1. Double Bottom Chart
  2. Triple Top Chart
  3. Moving Average
- Data (for Stock XYZ)

Day	Price (inr.)
1	373
2	368
3	360
4	372
5	366
6	359

(b) What are the basic premises of technical analysis? **07**

OR

Q.3 **(a)** Explain the key difference between **07**

a) Average mean and Geometric mean
b) Systematic Risk and Unsystematic Risk

(b) Explain the process of estimation of intrinsic value in fundamental analysis in detail. **07**

Q.4 **(a)** From the following data given below, you are required to calculate Beta for stock A and B. **07**

Correlation Coefficient between stock A and Market:	0.6
Correlation Coefficient between stock B and Market:	0.7
Std. Dev. Of Stock A:	25%
Std. Dev. Of Stock B:	32%
Risk free Rate:	6%
Expected Return of the Market:	15%
Expected Risk (Std Dev) of the Market:	25%

(b) Explain the concept of CML line and SML line in detail. **07**

OR

Q.4 **(a)** From the following data, you are supposed to calculate expected Return of the Security following CAPM model. **07**

Risk free Rate	: 6%
Co-variance between Security and Market Return (Cov rx,rm)	: 0.032
Variance (Rm)	: 0.015
Expected Return on Market Portfolio	:12%

(b) Explain the concept of Efficient Frontier in Markowitz Model. **07**

Q.5 **(a)** The Market Value of the Bond is Rs. 1050. Face Value of the same is Rs. 1000 issued at par. By assuming the coupon rate of 15% and Maturity period of 5 years, you are supposed to calculate YTM for the Bond. **07**

(b) Discuss the important steps in the process of Portfolio Evaluation. **07**

OR

Q.5 **(a)** A company's Bond has the par value of Rs. 1000. Maturity period is 5 years and Interest is paid @12% p.a. on semi-annual basis. By assuming the discounting rate of 15%, you are required to calculate Market prize of the Bond. **07**

(b) Explain the Arbitrage Pricing Theory in detail. **07**

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