Seat No.: _____   Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER –III-EXAMINATION – WINTER-2023

Subject Code:1539503   **Date: 02-12-2023**
Subject Name: Security Analysis and Portfoilio Management
Time:10:30 AM TO 1:30 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. No.	Question Text and Description	Marks
Q.1	Define the following	**14**

      (a) Cumulative wealth index
      (b) Zero variance portfolio
      (c) P/E Ratio
      (d) Support Level
      (e) Beta
      (f) Security market line
      (g) Market risk

Q.2 **(a)** What is Investment? Differentiate between Investment and Speculation.   **07**

(b) Differentiate between fundamental analysis and technical analysis.   **07**

OR

(b) What is ROE? Explain one factor, three factor and five factor ROE.   **07**

Q.3 **(a)** Take any Industry in India of your choice and do Industry Analysis for the same.   **07**

(b) The following information is given on a portfolio made of two stocks: Their weights are: w1 = 0.6 , w2 = 0.4. R1 (Return on stock 1)= 15% and R2 (Return on stock 2)= 18%. s1(Standard deviation on stock 1) = 10%, s2 (Standard deviation of stock 2) = 16%. Their correlation coefficient: r12 = 0.5 What is the return and the standard deviation of portfolio return?   **07**

OR

Q.3 **(a)** What is Risk? Explain systematic Risk and unsystematic Risk.   **07**

Q.3 **(b)** The probability distribution of the rate of return on a stock is given below: **07**

State of the economy	Probability of occurrence	Return in %
Boom	0.1	14
Normal	0.2	12
Stagnation	0.4	11
Recession	0.3	10

From the information above find the return and risk of the stock.

Q.4 **(a)** What is duration of bond? Mention properties of duration. **07**

Q.4 **(b)** Mr Sumant Verma wants to invest in the bond. He has collected the following information about the bond of Laurel Ltd **07**

Face value= Rs 1000

Coupon rate=9% p.a

YTM=7%

Years to maturity=5 years.

Find the duration of the bond.

OR

Q.4 **(a)** Discuss the benefits and risks associated with investment in bonds. **07**

Q.4 **(b)** Calculate characteristic line of ABC Limited based on the information below **07**

Year	ABC Limited (%)	Market (%)
2013	16	14
2014	15	12
2015	14	12
2016	30	26
2017	11	12
2018	26	24
2019	23	25

Q.5   **CASE STUDY:**

Mr Amit Mehra wants to invest in mutual fund. You being a finance expert, he has approached you for your advice.

Portfolio	Mean return (%)	Standard deviation (%)	Beta
X	20	22	1.5
Y	16	13	1.2
Z	12	12	0.8
Market index	10	10	1.00

The risk free rate of return is 6%.

Kindly answer his following questions from the data above.

(a) Calculate Treynor and Sharpe Measure for the three mutual fund portfolios and Market index.   **07**

(b) Discuss various types of mutual funds.   **07**

OR

Q.5   (a) Calculate Jensen Measure for the three mutual fund portfolios and Market index.   **07**

(b) What is mutual fund? Discuss pros and cons of investing in mutual funds.   **07**

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