

Roll No.

11509

**MBA (2 Year) (4th Semester) (N. S.)
Examination, May, 2012**

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Paper : 2411/51011

Time : Three hours]

[Maximum Marks : 70

Before answering the question, candidates should ensure that they have been supplied the correct and complete question paper. No complain in this regard, will be entertained after examination.

Note : Attempt *five* questions in all, selecting *four* questions from Section - A (*One* question from each unit) and *compulsory* question (Case Study) from Section - B. All questions carry equal marks.

SECTION - A

UNIT - I

1. Why should a person invest ? Which are the determinants of risk in investment ? What are the advantages of risk-free investment ?

11509-2,450-(P-3)(Q-9)(12)

P. T. O.

2. You are given the following data on two shares :

Share A		Share B	
Return (%)	Probability	(Return (%)	Probability
20%	0.30	15	0.20
10%	0.50	9	0.50
-5%	0.20	4	0.30

which share has (i) higher expected return and (ii) greater risk.

UNIT – II

3. Explain the meaning and benefits of fundamental analysis. Which variables are considered in economic analysis ? How do these variables impact the stock market ?
4. Write notes on :
- (i) Theories of fixed income securities.
 - (ii) Efficient market theory.

UNIT – III

5. What is a portfolio ? Why is it constructed ? Which are the problems faced in portfolio selection ?
6. Discuss in detail the sharpe single index model. How is it different from Markowitz model ?

UNIT – IV

7. Why should an investor revise his/her portfolio ? What are the constraints in portfolio revision ?
8. Write notes on :
- (i) Bond portfolio management strategies.
 - (ii) Risk adjusted measures of performance.

SECTION – B

(Case Study)

9. An investor has to choose one share out of three shares whose prices during a 5-week period are as given below :

	Week				
	1	2	3	4	5
A	22	28	32	25	18
Price of Share (Rs.) B	120	105	112	128	98
C	405	470	380	330	420

Which share should the investor choose for investment ?
Why ?