**9.** Consider the following information for three mutual funds A,B,C and the market :

| | Mean Return (%) | Standard deviation (%) | Beta |
|---|---|---|---|
| A | 12 | 18 | 1.1 |
| B | 10 | 15 | 0.9 |
| C | 13 | 20 | 1.2 |
| Market Portfolio | 11 | 17 | 1.0 |

Mean risk-free rate was 6%. Compute the values of Treynor's, Sharpe's and Jensen's measures for all the four.



*Roll No.* .....

# 56079

## MBA 2 Year 4th Semester (N.S.) (Re-appear) Examination– December, 2016

### SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

**Paper : MBA-411**

***Time : 3 hours*** ***Max. Marks : 80***

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

**Note :** Attempt **compulsory** question no. 1 from Section-A and **four** questions from Section-B (**one** question from each unit) All questions carry equal marks.

### SECTION - A

**1.** (a) Who is a speculator ?

(b) What is unsystematic risk ?

(c) Highlight the advantages of security valuation.

(d) What are the indicators of a weak market ?

(e) What is investor utility ?

(f) Explain the concept of 'optimal portfolio'.

(g) What is a constant ratio plan ?

(h) Briefly discuss the passive strategy.

## SECTION - B

### UNIT - I

**2.** Explain the objectives of investment. Which factors should an investor consider while taking investment decision ?

**3.** Find the historical return and risk of security from the following data :

| Week | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Weekly return (%) | 5.00 | 1.59 | -12.50 | 3.57 | 6.90 | 6.45 | -3.03 | 4.69 | 4.48 | 3.86 |

### UNIT - II

**4.** The government is proposing to sell 5-year bonds of Rs. 1,000 at 8% rate of interest per annum. The bond amount will be repaid equally over its life. If an investor's minimum required rate of it is 7%, how much should he be willing to pay for the bond now ?



**5.** Which macroeconomic factors should be considered in economic analysis ? How do they impact the stock market ?

### UNIT - III

**6.** Securities X and Y have the following characteristics :

| Return (%) | Probability | Return (%) | Probability |
|---|---|---|---|
| 30 | 0.10 | -20 | 0.05 |
| 20 | 0.20 | 10 | 0.25 |
| 10 | 0.40 | 20 | 0.30 |
| 05 | 0.20 | 30 | 0.30 |
| -10 | 0.10 | 40 | 0.10 |

Calculate the expected return and risk of :

(a) each security, and

(b) the portfolio of X and Y, combined with equal weights.

**7.** Write notes on :

(a) Arbitrage pricing theory

(b) Assumptions of CAPM

### UNIT - IV

**8.** Write a detailed note on the need, constraints and strategies of portfolio revision.