(6 pages) **Reg. No. : ....**

Code No. : 5467 **Sub. Code : KBAE 32/ PBAE 36**

M.B.A. (CBCS) DEGREE EXAMINATION, NOVEMBER 2019.

Third Semester

Business Administration

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(For those who joined in July 2016 and afterwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. All investments are characterized by the expectation of a

   (a) Risk (b) Return

   (c) Safety (d) Liquidity

2. The Unsystematic risk is also called

   (a) Single risk (b) Diversifiable risk

   (c) Estimate risk (d) None

3. Which one is the third stage in the industry life cycle?

   (a) Pioneering stage (b) Expectation stage

   (c) Decay stage (d) Stagnation stage

4. ———— analysis is the final stage of fundamental analysis.

   (a) Economic (b) Industry

   (c) Company (d) Technical

5. The process of finding the optimal portfolio is described as

   (a) Portfolio selection

   (b) Portfolio opportunity set

   (c) Portfolio correction

   (d) All the above

6. ———— refers to the assessment of the performance of the portfolio.

   (a) Portfolio selection

   (b) Portfolio Management

   (c) Portfolio folio process

   (d) Portfolio Evaluation

7. MarKowitz's work marks the beginning of what is known today as

(a) Modern portfolio theory

(b) New portfolio theory

(c) First portfolio theory

(d) Final portfolio theory

8. The market value of the scrip is determined by

(a) The dividend declared by the company

(b) The present status of the stock market

(c) The number of floating shares

(d) The interaction of demand and supply

9. A single-index model uses ———— as a proxy for the systematic risk factor.

(a) A market index, such as the S and P 500

(b) The current account deficit

(c) The growth rate of GNP

(d) The unemployment rate

10. Treynor Ratio =

(a) $r_p - r_f / \sigma_p$ (b) $r_p - r_f/\beta_p$

(c) $r_s - r_f/\beta_p$ (d) $r_p - r_f/\sigma_s$

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Describe the environment considerations for investment decision.

Or

(b) Write a short note on Unsystematic Risk?

12. (a) What are components of financial statements?

Or

(b) List out the variables analyzed in company analysis.

13. (a) Describe the types of options.

Or

(b) What to know when investing in stock index futures?

14. (a) State the principles of technical analysis.

Or

(b) List out the assumptions of efficient market hypothesis.

15. (a) Describe the various assumptions of capital market efficiency theory?

Or

(b) What are the risk factors in arbitrage pricing theory?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) What are the factors influencing risk? Explain in detail.

Or

(b) Explain the various methods of measurement of return.

17. (a) What are the industry factors influencing the performance of the company?

Or

(b) How will you value bonds? Explain with illustrations.

18. (a) Discuss about the various option strategies.

Or

(b) What are the factors influencing option value?

19. (a) Discuss about the Random Walk Theory.

Or

(b) Elucidate about the portfolio construction process.

20. (a) Critically evaluate the capital asset pricing model.

Or

(b) Discuss about the Sharpe Theory of Portfolio Management.
