

**SVKM's NMIMS**  
**School of Distance Learning**

Programme: PGDFM/ ADBFM

Academic Year: 2011-2012

Subject: Security Analysis & Portfolio Management

Date: 27.12.2011

Semester IV

Marks: 70

Time: 3.00 p.m to 6.00 p.m

Course old

**Instruction : Candidate should read carefully the instruction printed on the question paper and on the cover of the Answer book, which is provided for their use.**

**NB :**

1. All 4 questions to be attempted
2. All sub questions carry equal marks.
3. Answer to each new question to be started on a fresh page
4. Figures in bracket indicate full marks.

**Q1 Attempt any 2 out of 4**

**(Marks 10)**

- a. Investor's assessment of return on a share of X Ltd. under three different situations is as follows:

Situation	Chance (P)	Return (%)
1	0.25	36
2	0.50	26
3	0.25	12

Calculate the expected rate of return

- b. Mr. Ashok Purchased 10 shares of ABC Ltd. four years ago at Rs. 50 each.  
The company paid the following dividends.

Particulars	Year1	Year2	Year 3	Year 4
Dividend per share (Rs.)	2	2	2.5	3
Dividend amount (Rs.)	20	20	25	30

The current price of the share is Rs. 60. What rate of return has he earned on his investment if he sells the shares now?

1/2

Cont.....

- c. Distinguish between Technical analysis & Fundamental Analysis
- d. What do you mean by Diversifiable risk and Non diversifiable risk

**Q2 Write Short note on any two out of five**

**(Marks 10)**

- a. What do you mean by Qualitative Analysis?
- b. What are the modern methods of forecasting?
- c. Write a short note on "History of mutual Funds"
- d. Registration of Stock Brokers
- e. Fundamental analysis V/s. Technical Analysis

**Q3 Attempt any 3 out of 5**

**(Marks 30)**

- a. The following is the information of stock A and Stock B under the possible states of nature:

State of nature	Probabilities	Return A	Return B
1	0.10	5%	0%
2	0.30	10%	8%
3	0.50	15%	18%
4	0.10	20%	26%

- (1) Calculate the expected return on A and B
  - (2) Calculate the standard deviation of stock A and B
  - (3) If you want to invest in any one stock, which stock would you prefer?
- b. C' Ltd. paid dividend of Rs. 1.80 per share. The forecast is that dividend will grow by 5% per year into the infinite future. If the required rate of return is 11% and the current market price of the company's share is Rs.40 find out its intrinsic value.

- c. You are considering an investment in one of the following Bonds:

Particulars	Coupon Rate	Maturity	Price / Rs.100 Par Value
Bond A	12%	10 year	Rs.70
Bond B	10%	6 year	Rs.60

- (i) What is YTM of each Bond?
  - (ii) Which Bond would you recommend for investment?
- d. What do you mean by Beta? Explain features of Beta in details
  - e. Explain with diagram Single Index Model

**Q4 a. Explain graphically the Efficient set of portfolio with Risk-free Asset**

**( Marks10)**

**b. What do you mean by Leveraged portfolio and Market Portfolio?**

**( Marks10)**