Printed Pages : 4   MBAFM02(N)

(Following Paper ID and Roll No. to be filled in your Answer Book)
PAPER ID : 7126   Roll No.

M.B.A

(SEM III) ODD SEMESTER THEORY EXAMINATION 2009-10
SECURITY ANALYSIS AND INVESTMENT MANAGEMENT

Time : 3 Hours]   [Total Marks : 100

Note :   (1)   Attempt **all** questions.

        (2)   All questions carry **equal** marks.

1   Attempt any **four** parts of the following :   5×4=20

   (a)   Briefly discuss the trading procedure at the stock exchange.

   (b)   What is a depository ? Discuss the procedure for dematerialize action of shares.

   (c)   What is the importance and procedure of Book building ?

   (d)   Write the key features of National Stock Exchange.

   (e)   What are the powers vested with SEBI to promote the development of securities market and protect the interest of investors.

   (f)   Write short note on Stock index.

JJ-7126]   1   [Contd...

2 Equity shares of XYZ Ltd. are currently traded at Rs. 22.50 per share. The growth rate is expected at 12% and dividend at the end of the current year at Rs. 2.50. Find out the expected rate of return. What is the expected return if it is purchased at Rs. 25 per share ? If an investor requires a return of 18%, what maximum price he should be ready to pay for the share ?   **20**

OR

2. Explain various types of charts used by technical analyst to predict future behaviour of prices and the relevance of fundamental analysis and technical analysis for an individual investor.   **20**

3 An investor finds the following position in respect of two bonds I and II :   **20**

	Face value	Coupon rate	Life	Market price
Bond I	Rs. 5,000	8.50%	3 years	Rs. 9,900
Bond II	Rs. 10,000	8.75%	4 years	Rs. 4,950

Given that coupon interest is payable anually and the required rate is 9%. Find out the value of both bonds. Which one is better to invest in ?

OR

3 Differentiate between :   **5+10+5=20**

(i) American option and European option

(ii) Futures and options

(iii) Option in the money and option out of money

3 The returns of two assets under four possible states of nature are given below :   **10+5+5=20**

State of nature	Probability	Return on asset 1	Return on asset 2
1	0.2	−5%	10%
2	0.3	15%	12%
3	0.4	18%	14%
4	0.1	22%	18%

(1) What is the standard deviation of the return on asset 1 and on asset 2 ?

(2) What is the covariance between the returns on asset 1 and asset 2 ?

(3) What is the coefficient of correlation between the returns on assets 1 and 2 ?

OR

4 Explain capital asset pricing model. How does it help in estimating the expected return of a security ?   **20**

5   Consider the following information for three   20
     mutual funds A, B and 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 index	11	17	1.0

The mean risk free rate was 6 percent. Calculate the Treynor measure, Sharpe measure and Jensen measure for the three mutual funds and the market index.

OR

5   Discuss in brief the various techniques used for   20
     evaluating the performance of existing portfolio.

igh school and 10+2 schools in your city and state