

# SYBIM sem III Reg & A.T.K.T. Exam Oct-2019.

## SYBIM

Subject : Security Analysis & Portfolio Management-I

SEM-III

AY: 2019-20

09/10/19

[Time: 2 ½ Hours]

[Marks: 75]



- Note:**
- 1) All questions are compulsory.
  - 2) Figures at right shows full marks for questions
  - 3) Use of simple calculator is permitted.
  - 4) Working notes should form part of answers.

Q.1(A) Choose the correct alternatives from the options given below: (Any Eight) (08)

1. \_\_\_\_\_ means commitment of funds with the hope of earning returns. (investment, gambling, speculation)
2. A portfolio comprises of several \_\_\_\_\_ securities. (individual, joint, mutual)
3. \_\_\_\_\_ risk cannot be controlled. (systematic, unsystematic, overall)
4. \_\_\_\_\_ index is the ratio of return generated by the fund over and above the risk free rate of return during a given period. (Sharpe's, Treynor's, Jenson's)
5. \_\_\_\_\_ investment means exchange of shares, bonds, real estate, etc. (economic, financial, tax-saving)
6. A \_\_\_\_\_ provision is a provision in a bonds indenture that allows a bond holder to resale a bond back to the issuer at a pre specified price prior to maturity. (call, put)
7. \_\_\_\_\_ strategy involves frequent and sometimes substantial adjustments to the portfolio. (active, passive, Jenson)
8. Beta of market is always equal to \_\_\_\_\_. (zero, 1, -1)
9. 'n' indicates the \_\_\_\_\_ of securities in a portfolio. (nominal, number, network)
10. \_\_\_\_\_ is a group of securities held together as investment. (Portfolio, Investment, Gambling)

Q.1 (B) Match the following and re-write. (Any Seven) (07)

Column A	Column B
1. Risk return trade-off	a. Yield to Maturity
2. Rational Investors	b. Gambling
3. Beta	c. Riskless profits
4. YTM	d. Combination of different security
5. Portfolio	e. Total gain
6. Standard Deviation	f. Marketable security
7. Card games	g. Balance between risk and return
8. Liquidity	h. Systematic risk
9. Arbitrageur	i. Square root of variance
10. Capital + Current returns	j. Invest in the efficient portfolio

Q.2(A) Define Investment. What are the characteristics of Investment? (08)

Q.2(B) Distinguish between Investment and Speculation. (07)

OR

Q.2(P) What are the advantages of Portfolio Management. (08)

Q.2(Q) What do you understand by the term Portfolio Analysis? Explain the various components of Portfolio Analysis. (07)

Q.3(A) Calculate Beta of the following security. (08)

Year	Return on X %	Return on Market %
1	41	40
2	33	34
3	40	42
4	10	15
5	29	30

Q.3(B) Find out the risk and return for X & Y. (07)

Situation	Probability	Return on X %	Return on Y %
Recession	0.25	110	180
Stagnation	0.25	130	150
Normal	0.30	160	100
Boom	0.20	190	70

OR

Q.3(P) Calculate portfolio risk and return. (08)

Securities	Return	Standard Deviation	Proportion
A	15	0.15	40
B	9	0.14	60

Co-efficient of correlation = - 0.5

Q.3(Q) Explain the Markowitz "Modern Portfolio Theory" in detail. (07)

Q.4(A) The details of three portfolios are given below. Compare these portfolios on performance using the Sharpe's, Treynor's and Jensen's measures. Comment and rank them according to the performance. (15)

Portfolio	Average return (%)	Standard Deviation	Beta
1	15	0.25	1.25
2	12	0.30	0.75
3	10	0.20	1.10
Market	12	0.25	1.00

The risk free rate of return is 9%.

OR

Q.4(B) Calculate the Duration & Modified Duration of a 3 Year Rs.2,000 bond with a Coupon rate of 6% and with YTM- 7%. (15)

Q.5(A) A bond of Rs. 100 face value carries a coupon rate of 15% and is redeemable after 7 years at a premium of 5%. If the required rate of return is 16%, what is the present value of the bond? The current market price of the bond is Rs. 150. Advise the investor whether the bond should be purchased or not. (08)

Q.5(B) A bond of Rs. 1000 has a coupon rate of 6% p.a. and the maturity period is 3 years. The bond is currently selling at Rs. 900. What is the yield to maturity in investment of this bond? (07)

OR

Q.5(C) Write short notes (Any three) (15)

1. Optimal Portfolio
2. Portfolio Diversification
3. Constraints of Portfolio Revision
4. Multi Index Model
5. Beta

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