Subject	Security Analysis and Portfolio Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	27.10.2015

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Based on following information

	Stock A	Stock B
Year	Returns (%)	Returns (%)
1	72	-35
2	81	64
3	-25	57
4	32	89
5	98	-99

Calculate
1. Standard deviation for Stock A.
2. Standard deviation for Stock B.
3. Standard deviation for a portfolio assuming 50% is invested in Stock A and 50% in Stock B.
4. Correlation Coefficient considering Stock A and Stock B.
5. Brief comment on co-relation and portfolio diversification.

Attempt Any FOUR from the Remaining SIX Questions

Q2) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

a) Explain the concept of Efficient Frontier.
b) Comment on importance of portfolio diversification.
c) Explain Securities Market Line.

Q3) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

a) What is total risk?
b) Explain the Beta value and its application.
c) Explain non-diversifiable / company-specific risk.

Q4) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

a) Explain capital asset pricing model (CAPM).
b) Explain with example weighted average cost of capital (WACC).
c) Explain difference between cost of equity and weighted average cost of capital (WACC).

Q5) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

a) Comment on Sharpe ratio.
b) Explain Alpha with example.
c) Explain Treynor ratio.

Q6) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

    a) Explain free cash flow to equity model.
    b) Explain free cash flow to firm model
    c) What is an enterprise value?

Q7) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

    a) Explain the concept of perpetuity with example
    b) Explain time value of money
    c) Comment on dividend discount model