

**VPM's**  
**DR VN BRIMS, Thane**  
**Programme: MMS (2017-19) (Finance)**  
**Third Semester Examination October 2018**

<b>Subject</b>	<b>SECURITY ANALYSIS &amp; PORTFOLIO MANAGEMENT</b>		
<b>Roll No.</b>		<b>Marks</b>	<b>60 Marks</b>
<b>Total No. of Questions</b>		<b>Duration</b>	<b>3 Hours</b>
<b>Total No. of printed pages</b>	<b>2</b>	<b>Date</b>	<b>03.11.2018</b>

**Q1) 20 Marks (Compulsory)**

- (a) The probabilities and associated returns of Modern Bakeries are given below:

<b>Return (%)</b>	<b>12</b>	<b>15</b>	<b>18</b>	<b>20</b>	<b>24</b>	<b>26</b>	<b>30</b>
<b>Probability</b>	0.05	0.10	0.24	0.26	0.18	0.12	0.05
<b><math>(R - \bar{R})^2</math></b>	-8.56	-5.56	-2.56	0.56	3.44	5.44	9.44

Calculate the standard deviation.(10)

- (b) The rates of return of security of company Z and market portfolio are as follows :

<b>Period</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Return on Security X</b>	20	22	25	21	18
<b>Return on Market Portfolio</b>	22	20	18	16	20
<b><math>R_x - \bar{R}_x</math></b>	10	8	6	4	8
<b><math>R_m - \bar{R}_m</math></b>	15	12	12	10	15

Calculate Beta of Security X and the characteristic line of security X

Discuss the results as per CAPM. (10)

**Attempt Any FOUR from the Remaining SIX Questions**

**Q2) The investment data of XYZ Co. for the past 6 years as follows:**

<b>Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Rate of Return (%)</b>	12	18	-6	20	22	24

- (a) Calculate the rate of return of equity shares  
 (b) Calculate the annualised growth rate  
 (c) Comment on the Safety versus growth of the investment.

**Q3) Mr. Sinha invested in equity shares of ABC Ltd. Its anticipated returns and associated probabilities are given below:**

<b>Return (%)</b>	<b>-12</b>	<b>-10</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>30</b>
<b>Probability</b>	0.05	0.10	0.15	0.25	0.30	0.10	0.05
<b><math>(R - \bar{R})^2</math></b>	30.25	0.25	20.25	0.25	30.25	110.25	420.25

- (a) Calculate the expected rate of return

- (b) Calculate the standard deviation
- (c) Comment on the degree of risk and the investment

(10)

**Q4)** Jupiter Holdings has invested in equity shares of a blue chip co. Its values are given as follows:

Risk Free return (Rf) = 10 %

Risk Premium (Rp) = 16 %

Market Sensitivity Index (b1) = 1.50 for individual security.

- (a) Calculate the expected rate of return on the investment made in the security
- (b) Risk free return and its relevance
- (c) Comment on the investment in Jupiter Holdings.

(10)

**Q5)** Discuss any 1 of the 3 topics given below :

- (a) Markowitz Mean Variance Model
- (b) Business Cycles
- (c) Technical Analysis

(10)

**Q6)** Discuss any 1 of the 3 topics given below:

- (a) Bond Valuation
- (b) Fama's Model of Efficient Markets
- (c) Mutual Funds

(10)

**Q7)** Short notes on any of the three.

- (a) Risk Return analysis
- (b) Capital Asset Pricing Model (CAPM)
- (c) Investment in Government bonds