$(R_j$ is the return on security j' and R_m is the return on market portfolio).

UNIT-IV

- 8. Differentiate between Active and Passive strategies of bond management. Which strategy, in your opinion is better for an investor? Why?
- 9. Write notes on:
 - (a) Constraints in portfolio revision
 - (b) Constant ratio plan

Roll No.

56079

MBA 2 Year 4th Semester (N.S.) Examination-May, 2016

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Paper: MBA-411

Time: 3 hours

Max. Marks: 80

Before answering the questions, candidates should ensure that they have been supplied the correct and complete question paper. No complaint in this regard will be entertained after the examination.

Note: Attempt compulsory question No. 1 from Section-A and four questions from Section-B (one question from each Unit).

All questions carry equal marks.

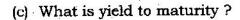
SECTION - A

- 1. Answer the following in brief:
 - (a) Who is an investor?
 - (b) What is risk-free rate?

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- (d) What is an efficient market?
- (e) Explain and illustrate the concept of a portfolio.
- (f) What is a market portfolio?
- (g) Highlight the need for portfolio revision.
- (h) What is a variable ratio plan?

SECTION - F

UNIT - I

- 2. Explain the nature and process of investment. Discuss the criteria for evaluating various investment avenues.
- 3. Compute the expected return and risk of security j from the following data:

Return (%)	-20	-10	-5	5	10	18	20	30
Probability	0.05	0.05	0.10	0.10	0.15	0.25	0.25	0.05

UNIT - II

4. A company is paying a dividend of Rs. 2 per share. The dividend is expected to grow at a

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rate of 15% annually for 3 years, then at 10% for next 3 years after which it is expected to grow at 5% annually for ever.

- (a) What is the present value of the share if the capitalization rate is 9%?
- (b) If the share is held for three years, what shall be its present value?
- 5. Discuss the important financial variables considered in company analysis. How do they impact the market price of the shares of a company?

UNIT - III

- 6. Explain the objectives of portfolio. Which factors should be considered while constructing a portfolio? How and why is efficient frontier created?
- 7. Find the value of beta for security of j' from the following data:

R _j	-8	7	6	14	15	14	-9	4	18	16
R _m	10	7	8	16	-11	12	1	7	14.	13

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