

M.B.A.(with Credits)-Regular-Semester 2012 (Old) / (CBCS) Sem IV
MBA242B / Paper-PCB4EB4 : Security Analysis & Portfolio Management

P. Pages : 2

Time : Three Hours



GUG/S/18/5222

Max. Marks : 70

- Notes :
1. Attempt **any five** questions.
 2. All questions carry equal marks.
 3. Use PVF tables.

1. A Ltd has paid dividend at 20% in the last year. The paid up equity capital (Face value ₹ 10) of the company is ₹ 6,00,000 and 10% preference share capital of ₹ 1,00,000. Net operating Profit is ₹ 4,00,000. The tax rate is 32% The company expect a growth rate of 5% and required rate of return on equity share is 10%. Compute the value of equity share using. **14**

- a) Dividend approach.
- b) Dividend Growth approach.
- c) Earning approach.

2. Mr. R owns ₹ 5000 Face value bond with 9 year to maturity. The bond has an annual coupon rate of 10%. The bond is currently price at ₹ 4900, given an appropriate discount rate of 12%, Shoud Mr. R hold or sale the bond. **14**

3. Thee following particular about 4 corporate securities are available. **14**

Security	Today's Price	Predicted Price	Expected dividend	Beta
A	490	580	7	1.4
B	180	200	7	1.2
C	570	640	5	1
D	220	235	-	0.5

Expected return in the market is 14% and risk free rate of return is 8% you are required to calculate for each security.

- i) The estimate return based on CAPM.
- ii) Predicted return.
- iii) State giving reason whether the securities are undervalued or over valued.

4. Calculate Rate of change oscillators for the following closing prices assume rate of change is 5 days. 14

Day	Closing Price
1	60
2	62
3	63
4	60
5	64
6	66
7	67
8	65
9	68
10	70
11	69
12	68

Also draw ROC chart.

5. The following 4 portfolio Manager for 5 period given below. 14

Portfolio	R_p %	β	S.D %
W	14	0.8	8
X	17	1.05	9
Y	13	1.25	11
Z	15	0.70	7

Calculate Treynor, Sharpe's and Jensen ' α ' Ratio. Select the manager with Best performance. ($R_f = 10\%$; $R_m = 16\%$)

6. Explain the different methods of Valuation of Shares. 14
7. How an investor can use yield curve for investment decision? 14
8. What do you mean by equity research report? Prepare a format of equity research report. 14
9. Discuss the Fama's Performance measure an Fama's 3 factor model. 14
10. Write a short note on **any two**. 14
- The twelve Pillars of investment.
 - Bollinger Bands.
 - Economy Analysis.
 - Capital Asset Pricing model.
