

**MBA (INTERNATIONAL BUSINESS) DEGREE III SEMESTER
EXAMINATION DECEMBER 2013**

**SMI 2307 SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT
(2012 Admission)**

Time: 3 Hours

Maximum Marks: 50

**PART A
(Answer *ALL* questions)**

(5 × 2 = 10)

- I. What is P/E ratio and how is it calculated?
- II. Define risk and name the different types of risk in investment.
- III. What is a portfolio and why is it created by most investors?
- IV. How are financial assets different from real assets?
- V. How is a primary market different from secondary market as far as an investor is concerned?

**PART B
(Answer *ANY FIVE* questions)**

(5 × 4 = 20)

- VI. Examine the significance of bond in capitalization and discuss the different types of bonds available.
- VII. What are the basic features of investment activity? Explain the relevance of expected return in relation to investment.
- VIII. What is YTM? How is it calculated? What is the importance of YTM?
- IX. Discuss the significance of CAPM in security analysis.
- X. Explain Elliot wave theory and its significance in portfolio creation.
- XI. What do you mean by fixed income securities? Give an overview of the same.
- XII. Discuss the concept of risk and return analysis.

**PART C
(Answer *ANY TWO* questions)**

(2 × 10 = 20)

- XIII. How is fundamental analysis different from technical analysis? Which is better in your views? Justify your answer.
- XIV. Discuss the different techniques used for valuation of equity shares.
- XV. The Zigma Corporation Ltd is contemplating a bond issue on the following terms:
Face value is ₹100/- per Bond; term of maturity is 7 years. Coupon rate of interest are:
Years 1-2 = 8%p.a.
Years 3-4 = 12%p.a.
Years 5-7=15%p.a.
The current market rate of interest on similar bond is 15% p.a. The company proposes to price the issue so as to yield a (compounded) return of 16% p.a. to the investors. Determine the issue price. Assume the redemption of bonds at a premium of 5%.

