

Department of MBA

MBA Mid Question Bank (R22 Regulation)

Academic Year: 2024-25

Semester: III

Subject Name: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT (22MB312PE)

Faculty Name: R. SARASWATHI

PART-A

Q.No	Questions	Marks	BL	CO	Unit No
1	Explain about securities market of India.	2M	L2	CO1	UNIT-I
2	Discuss in detail about margin trading.	2M	L2	CO1	UNIT-I
3	Distinguish between Investment and Speculation.	2M	L4	CO1	UNIT-I
4	Explain the types of Investment.	2M	L2	CO1	UNIT-I
5	What is Investment? And also explain its features.	2M	L1	CO1	UNIT-I
6	Explain types of Orders.	2M	L2	CO1	UNIT-I
7	Explain the assumptions of Markowitz Model.	2M	L2	CO2	UNIT-II
8	Why is return an important Consideration for Investment.	2M	L1	CO2	UNIT-II
9	Differentiate systematic and un systematic risk.	2M	L4	CO2	UNIT-II
10	What do you mean by Arbitrage Pricing Theory?	2M	L1	CO2	UNIT-II
11	Explain nature of Risk.	2M	L2	CO2	UNIT-II
12	Explain efficient Frontier.	2M	L2	CO2	UNIT-II
13	What are the characteristics of Fixed income securities?	2M	L1	CO3	UNIT-III
14	State the Advantages of Bonds.	2M	L1	CO3	UNIT-III
15	What is Holding Period Return.	2M	L1	CO3	UNIT-III
UPTO MID-I					
16	What is yield to call?	2M	L1	CO3	UNIT-III
17	Differentiate between Bond immunization and Bond Volatility.	2M	L4	CO3	UNIT-III
18	Discuss some Passive bond Strategies.	2M	L5	CO3	UNIT-III
19	Difference between intrinsic value and market value	2M	L4	CO4	UNIT-IV
20	What is Price/ Earnings Ratio?	2M	L1	CO4	UNIT-IV
21	What is Price/Book value Ratio?	2M	L1	CO4	UNIT-IV
22	What is Price/Sales Ratio?	2M	L1	CO4	UNIT-IV
23	Define EVA.	2M	L1	CO4	UNIT-IV
24	Write in short about Efficient Market Hypothesis.	2M	L1	CO4	UNIT-IV
25	Explain briefly about Net Asset Value.	2M	L2	CO5	UNIT-V
26	Explain Asset Valuation Model.	2M	L2	CO5	UNIT-V
27	What do you mean by “closed ended investment”?	2M	L1	CO5	UNIT-V
28	What do you mean by “open ended investment”?	2M	L1	CO5	UNIT-V
29	Explain Sharpe Model .	2M	L2	CO5	UNIT-V
30	Describe Fama’s Decomposition.	2M	L4	CO5	UNIT-V

PART-B

Q.No	Questions	Marks	BL	CO	Unit No																		
1	What are the differences between primary market and secondary market?	4M	L1	CO1	UNIT-I																		
2	What are the objectives and functions of SEBI? Explain how SEBI is organised.	4M	L1	CO1	UNIT-I																		
3	Examine the Recent Trends in Securities Market.	4M	L3	CO1	UNIT-I																		
4	Discuss in detail about the Market Intermediaries.	4M	L3	CO1	UNIT-I																		
5	Classify Security Market in Detail.	4M	L2	CO1	UNIT-I																		
6	Discuss the process of Securities trading and settlement.	4M	L5	CO1	UNIT-I																		
7	Explain the various avenues of investment.	8M	L2	CO1	UNIT-I																		
8	Briefly explain about investment environment in India.	8M	L2	CO1	UNIT-I																		
9	Explain the Various steps involved in Process of investment.	8M	L2	CO1	UNIT-I																		
10	<p>Stocks L and M have yielded the following returns for the past two years.</p> <table border="1" data-bbox="272 815 898 969"> <thead> <tr> <th rowspan="2">Years</th> <th colspan="2">Return (%)</th> </tr> <tr> <th>L</th> <th>M</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>12</td> <td>14</td> </tr> <tr> <td>2023</td> <td>18</td> <td>12</td> </tr> </tbody> </table> <p>a) What is the Portfolio Return return if portfolio is made up of 60 % of L and 40% of M? b) Find the Portfolio Risk?</p>	Years	Return (%)		L	M	2022	12	14	2023	18	12	4M	L4	CO2	UNIT-II							
Years	Return (%)																						
	L	M																					
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11	Explain the CAPM theory. Do you think it is useful in estimating the expected returns of a security.	4M	L2	CO2	UNIT-II																		
12	Mr. Y has Stock A with an expected return of 20% and standard deviation of 25%. He purchases another Stock B which has an expected return of 15% and standard deviation of 18%. The correlation coefficient is 0.7. The portfolio weights of A & B is in 2:3 ratio. Find portfolio return and Portfolio Risk.	4M	L5	CO2	UNIT-II																		
13	<p>The return of security Z is provided for different time periods</p> <table border="1" data-bbox="272 1563 898 1861"> <thead> <tr> <th>Month</th> <th>Return</th> <th>Probability</th> </tr> </thead> <tbody> <tr> <td>January-2024</td> <td>0.25</td> <td>0.10</td> </tr> <tr> <td>February-2024</td> <td>0.17</td> <td>0.25</td> </tr> <tr> <td>March-2024</td> <td>0.15</td> <td>0.20</td> </tr> <tr> <td>April-2024</td> <td>0.12</td> <td>0.25</td> </tr> <tr> <td>May-2024</td> <td>0.14</td> <td>0.20</td> </tr> </tbody> </table> <p>What would be the average expected risk and return of the security?</p>	Month	Return	Probability	January-2024	0.25	0.10	February-2024	0.17	0.25	March-2024	0.15	0.20	April-2024	0.12	0.25	May-2024	0.14	0.20	4M	L3	CO2	UNIT-II
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14	Discuss capital asset pricing model with assumptions.	4M	L6	CO2	UNIT-II																		

15	When the risk – free rate is 7% p.a., the rate of return in the market is 15% p.a., the average rate of return on security “x” is 17.69%p.a. and the Beta of security “x” is 1.2 times. You are required to analyse the situation using CAP Model and also explain Capital Market Line.	4M	L4	CO2	UNIT-II																		
16	Explain the Concept of Efficient Frontier in the context of Portfolio selection.	8M	L2	CO2	UNIT-II																		
17	Zen Securities considering several investments . The Risk free rate of return is 7.5% and the expected return for the market is 14%. what should be the required rates of return for each investment using the CAPM.	8M	L4	CO2	UNIT-II																		
	<table border="1"> <tr> <td>Security</td> <td>A</td> <td>B</td> <td>C</td> <td>D</td> <td>E</td> </tr> <tr> <td>Beta</td> <td>1.0</td> <td>0.9</td> <td>1.2</td> <td>0.8</td> <td>1.5</td> </tr> </table>	Security	A	B	C	D	E	Beta	1.0	0.9	1.2	0.8	1.5										
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18	Sri ram Ltd has a portfolio of five stocks with the following expected market values and returns. Find the port folio return with Market value Weights.	8M	L5	CO2	UNIT-II																		
	<table border="1"> <thead> <tr> <th>Stocks</th> <th>Market Value (Rs)</th> <th>Return (%)</th> </tr> </thead> <tbody> <tr> <td>Ace</td> <td>40,000</td> <td>8</td> </tr> <tr> <td>Bell</td> <td>50,000</td> <td>20</td> </tr> <tr> <td>Crown</td> <td>20,000</td> <td>15</td> </tr> <tr> <td>Dell</td> <td>1,00,000</td> <td>9</td> </tr> <tr> <td>Egan</td> <td>30,000</td> <td>12</td> </tr> </tbody> </table>	Stocks	Market Value (Rs)	Return (%)	Ace	40,000	8	Bell	50,000	20	Crown	20,000	15	Dell	1,00,000	9	Egan	30,000	12				
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19	Explain Bond valuation methods.	4M	L4	CO3	UNIT-III																		
20	Calculate the yield to maturity of the bond when the following data is provided: Face value of the bond: 10,000 Market Value Rs. 8790 Coupon rate 8% Investor Yield 10% Time to maturity is 4 years. Should the investor buy the bond.	4M	L4	CO3	UNIT-III																		
21	Explain Types of Bonds.	4M	L5	CO3	UNIT-III																		
22	In India stock market, if there is a fall in the prices of shares and a downward trend in the stock market, What would you advise an investor?	4M	L4	CO3	UNIT-III																		
23	Mr. Money considers Rs. 1000 per value bond bearing a coupon rate of 11% that matures after 5 years. He wants a minimum yield to maturity of 15%. The bond is currently sold at Rs. 870. Should he buy the bond?	4M	L4	CO3	UNIT-III																		
UPTO MID-I																							
24	What YTM? Explain with an example.	4M	L2	CO3	UNIT-III																		
25	What YTC? Explain with an example.	4M	L2	CO3	UNIT-III																		
26	Explain Bond Duration and Modified Duration.	4M	L2	CO3	UNIT-III																		
27	Explain the Relationship between Interest Rate and Price of the Bond.	4M	L2	CO3	UNIT-III																		
28	What is HPR? Explain with an example.	4M	L2	CO3	UNIT-III																		

29	The following information is available of company X and Y.			4M	L2	CO4	UNIT-IV
	Particulars	Company X	Company Y				
	Face Value of share (in Rs)	10	10				
	No of equity shares issued	500,000	8,00,000				
	Reserves (in Rs)	6,00,000	6,50,000				
Find the book value per share and explain the purpose of Equity Valuation.							
30	The current dividend on an equity share of Vertigo Limited is Rs. 2.00. Vertigo is expected to enjoy an above-normal growth rate of 20 per cent for a period of 6 years. Thereafter the growth rate will fall and stabilize at 10 per cent. Equity investors require a return of 15 per cent. What is the intrinsic value of the equity share of Vertigo?			4M	L4	CO4	UNIT-IV
31	Sonu currently earns Rs. 3 Per share. His return on equity is 25% and he retains 50% of its earnings (both figures are expected to be maintained indefinitely). Stocks of similar risk are priced return 15%. What is the intrinsic value of Sonu's stock?			4M	L4	CO4	UNIT-IV
32	Give some objectives of issuing bonds? How should the corporate bonds be evaluated?			4M	L2	CO4	UNIT-IV
33	An investor has the following information of a bond: Face value = Rs. 1,000 Coupon rate = 10% Time of maturity = 10 years Market price = Rs. 1,200 (i) Find the yield to maturity (YTM) (ii) And Yield to call (YTC)			4M	L5	CO4	UNIT-IV
34	Explain in detail the equity valuation models.			4M	L3	CO4	UNIT-IV
35	Discuss in detail about efficient Market Hypothesis.			8M	L3	CO4	UNIT-IV
36	Differences between fundamental and technical analysis.			8M	L4	CO4	UNIT-IV
37	Hitachi Ltd. Paid a dividend of Rs. 5 per share for the previous accounting year. Growth rate is expected to be 12% for the next 2 years and 8% thereafter. Investor's required rate of return is 18%. What is the value of share to the investor? If the current market price is Rs. 62, should the investor buy it?			8M	L3	CO4	UNIT-IV
38	Three portfolios experienced the following result during a 5 – year period:			4M	L3	CO5	UNIT-V
	Portfolio	Average annual Return	Standard deviation				

		in%		returns					
	X	15	0.80	0.975					
	Y	17.5	2.00	0.750					
	Z	17.1	1.8	0.600					
	The Market risk is 1.2, market rate of return is 14 and risk – free rate is 9, rank the portfolio using sharpe’s method.								
39	“Mutual funds are better performance than other investment avenues”. Examine this statement.				4M	L4	CO5	UNIT-V	
40	From the following information you are required to evaluate the given securities using Sharpe’s and Treynor’s models.				4M	L4	CO5	UNIT-V	
	Security	Return	Standard deviation	Risk less rate of return					n
	A	20%	4%	10%					0.5
	B	24%	8%	10%	1.0				
41	Discuss briefly about risk and return involved in Mutual funds.				4M	L2	CO5	UNIT-V	
42	Explain models of performance evaluations.				4M	L1	CO5	UNIT-V	
43	The following Portfolio are being considered for investment. During the period under consideration, RFR=0.07.				4M	L5	CO5	UNIT-V	
	Portfolio	Return	Beta	S. D					
	P	0.15	1.0	0.05					
	Q	0.20	1.5	0.10					
	R	0.10	0.6	0.03					
	S	0.17	1.1	0.06					
	Market	0.13	1.0	0.04					
	A) Compute the Sharpe measures for each portfolio and the market portfolio B) Compute the Treynor measures for each portfolio and the market portfolio								
44	Discuss the various schemes of mutual funds.				8M	L2	CO5	UNIT-V	
45	What is portfolio diversification? How do we evaluate portfolio performance?				8M	L3	CO5	UNIT-V	
46	Elucidate the recent trends in Indian Mutual Funds in detail.				8M	L2	CO5	UNIT-V	