Savitribai Phule Pune University
Department of Management Sciences (PUMBA)
Executive MBA
2nd Year (Semester –IV) External Exam April- 2015
404(B) – Security Analysis & Portfolio Mgmt.

Time: 2hrs.   **Marks: 50**

Instructions to candidates:
- *All questions carry equal marks.*
- *Solve any 4.*

Q.1 The dividend per share and market price per share of AB Corp. during the last few years arelisted below. Compute the annual return and expected return.

Per share(Rs.)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Dividend	1.75	1.75	2.5	3.2	3.8	4.5
Market Price	40	30	30	40	55	75

Q. 2 C & D are 2 securities in a portfolio. Coefficient of corelation is +0.5. At what weight is theportfolio risk lowest? Information about the risk and return is

Particulars	Return %	Standard Deviation
Security C	15	12%
Security D	20	16%

Q.3 An investor has formed a portfolio with 3 securities. A, B and C. Proportion of investment in this securities 20/25/55 respectively. From the following information compute portfolio risk.

Securities	riance of Individual Secur	Covariance of pai	
A	38.2	AB	6.87
B	6.39	BC	7.2
C	8.45	CA	4

Q.4 From the data regarding 6 securities identify the data the securities which will be selectes and those that will be rejected.

Particulars	A	B	C	D	E	F
Returns (%)	10	11	15	8	20	8
Risk (%)	7	8	10	8	10	5

Q. 5 Annual rates of return of ABC Ltd. And the Market rates of return are given below. Determine the co-efficient value of the stocks of ABC. What is the conclusion that we draw?

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
ABC	-8	16	13	12	17
Market	-10	18	14	16	22