

Register No.: Name.:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

THIRD SEMESTER MBA DEGREE EXAMINATION (Regular), FEBRUARY 2022**(2020 Scheme)****Course Code : 20MBA237****Course Name: Security Analysis and Portfolio Management****Max. Marks : 60****Duration: 3 Hours**

*Scientific Calculators are allowed for the examinations
Programmable calculator or other computing devices will not be permitted
Annuity Tables or Logbooks will not be provided for the examination*

PART A*(Answer all questions. Each question carries 2 marks)*

1. What is an ADR?
2. Define Random Walk
3. Define Beta of a Stock
4. What is Rupee Cost Averaging
5. How will you assess the superior ability of a fund manager in the evaluation of fund performance

PART B*(Answer any 3 questions. Each question carries 10 marks)*

6. Explain the three-stage dividend discount model to value a security having super normal growth rate in the initial period, a high growth rate in the second phase and then continues at a stable growth rate from then on in the third phase.
7. Examine how mathematical indicators and oscillators can be used by an investor to make profitable trades
8. List the assumption of CAPM and explain the construction of Security Market Line (SML) to help compute the risk and return of an individual security
9. Discuss the Portfolio Management process in detail
10. Discuss the Fama's measure of Net selectivity

PART C*(Compulsory question, the question carries 20 marks)*

11. Answer Both sections

a) The projected cash flow for a company is as given below

| Year | 1 | 2 | 3 | 4 | 5 |
|-----------------------|------------|------------|------------|------------|------------|
| Cash Flow (In crores) | ₹ 1,796.67 | ₹ 2,491.78 | ₹ 4,959.28 | ₹ 6,844.45 | ₹ 9,963.15 |

Compute value of the company and price per share if growth rate in cashflow after 5th year is expected to be stable at 14% and cost of capital of the company is 28%. The number of shares outstanding for the company is presently 585 crores. Determine the intrinsic value of each share.

If the stock is trading at ₹ 52 per share, advice your client on the action they need to take (Buy, Hold or Sell the stock).

Marks (10)

- b) Explain the Dow Theory and the Elliot Wave Theory and how they could be used by an investor to profitably trade in the market

Marks (10)
