Q.6 Attempt any two:

		Marks	BL	PO	CO
i.	Explain the various constraints in portfolio revision.	**5**	2	3	5
ii.	Why there is a need for portfolio revision? Explain.	**5**	2	3	5
iii.	Calculate Treynors performance index and rank the securities:	**5**	2	3	5

Security	Return (%)	Risk (%)	Beta	Risk free rate
W	10	8	1.35	6%
X	12	7	1.50	6%
Y	15	6	1.15	6%
Z	18	5	0.90	6%

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Total No. of Questions: 6 *Total No. of Printed Pages:4*

Enrollment No......................................

Faculty of Management Studies

End Sem Examination Dec 2024

MS5EF14 Security Analysis & Portfolio Management

Programme: MBA Branch/Specialisation: Management / Finance

Duration: 3 Hrs. **Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

			Marks	BL	PO	CO	PSO
Q.1	i.	Investors agree to invest in high- risk investments if only (a) There are any true speculations (b) The predicted return is satisfactory for taking a risk (c) There are no safe options except for holding cash (d) The return is short	**1**	1	3	1	
	ii.	_______ is based on tips, rumours and hunches, unplanned and without knowledge of the exact nature of risk. (a) Investment (b) Speculation (c) Gambling (d) Arbitrage	**1**	1	3	1	
	iii.	_________ Risks cover the risk of market, interest rate risk and purchasing power risk. (a) Systematic (b) Unsystematic risk (c) Financial (d) Business	**1**	1	3	2	
	iv.	Who is called a father of fundamental analysis? (a) Benjamin Graham (b) Tinbergen (c) William (d) Elliot Wave	**1**	1	3	2	
	v.	The most extreme form(s) of the Efficient Market Hypothesis (EMH) is- (a) Weak form (b) Semi-Strong form (c) Strong form (d) Semi-Weak form	**1**	1	3	3	

			Marks			
	vi.	Technical analysis is useful________. (a) To make an estimate of growth in a stock market (b) To find out the market forces influencing stock market (c) To indicate the direction of the overall market (d) To analyze the economic activity of government.	1	1	3	3
	vii.	The main objective of portfolio is to reduce _______ by diversification. (a) Return (b) Risk (c) Uncertainty (d) Percentage	1	1	3	4
	viii.	The market portfolio has a beta of: (a) 0.0 (b) –1.0 (c) 1.0 (d) 0.5	1	1	5	4
	ix.	Portfolio ______ is the last step in the process of portfolio management. (a) Valuation (b) Evaluation (c) Revision (d) None of these	1	1	4	5
	x.	________________index is a ratio of return generated by the fund over and above risk free return during the given period and systematic risk associated with it Beta. (a) Sharpe's (b) Jenson's (c) Portfolio (d) Treynor's	1	1	7	5
Q.2	i.	Discuss the steps involved in the investment process.	4	2	4	1
	ii.	Describe the various types of non-marketable financial assets.	6	2	3	1
OR	iii.	"Investors in India have better investment avenues to invest" – Do you agree with this statement. Substantiate your views.	6	2	3	1
Q.3	i.	Discuss the relationship between risk and return.	4	2	2	2
	ii.	Explain how fundamental analysis is useful in selection of securities.	6	2	4	2

OR iii. Under different economic conditions the stock of Waree Renewals provide the following returns: **6** 3 4 2

Economic condition	Return (%)	Probability
Good	35	0.10
Average	18	0.25
Bad	08	0.35
Poor	3	0.30

Calculate the expected return and risk associated with the stock.

Q.4	i.	Discuss the various forms of market efficiency.	4	2	3	3
	ii.	Explain technical analysis. How is it different from fundamental analysis?	6	2	5	3
OR	iii.	Compare and contrast efficient market hypothesis with fundamental and technical analysis.	6	2	5	3
Q.5	i.	Discuss any four limitations of Capital Asset Pricing Model (CAPM).	4	2	3	4
	ii.	Explain how the Sharpe single index model is used to measures security risk & return?	6	2	1	4
OR	iii.	The return given by Company A & B in last two years are as follows:	6	2	2	4

Year	A Return %	B Return %
2018	9	18
2019	12	15

(a) What is the expected return on a portfolio made up of 55% of Company A and 45% of Company B?

(b) What is the standard deviation of each stock?

(c) What is the portfolio risk of a portfolio made up of 55% of Company A and 45% of Company B?

Marking Scheme
MS5EF14 (T) Security Analysis & Portfolio Management (T)

Q.1	i)	b. **The predicted return is satisfactory for taking a risk**		**1**
	ii)	c. **Gambling**		**1**
	iii)	a. **Systematic**		**1**
	iv)	a. **Benjamin Graham**		**1**
	v)	c) **Strong form**		**1**
	vi)	c. **To indicate the direction of the overall market**		**1**
	vii)	b. **Risk**		**1**
	viii)	c) **1.0**		**1**
	ix)	b) **Evaluation**		**1**
	x)	d) **Treynor's**		**1**
Q.2	i.	Four steps.	4*1=4m	**4**
	ii.	Six non-marketable financial assets.	6*1=6m	**6**
OR	iii.	As per explanation	6m	**6**
Q.3	i.	As per explanation	4m	**4**
	ii.	As per explanation	6m	**6**
OR	iii.	Ex return -11.7% , Risk 6= 9.58%	6m	**6**
Q.4	i.	Three forms	4m	**4**
	ii.	Definition	2m	**6**
		Four different	4m	
OR	iii.	Comparison	6m	**6**
Q.5	i.	Four limitations	4*1=4m	**4**
	ii.	As per explanation	6m	**6**
OR	iii.	A. 13.2% b. A=1.5% B. 1.5%, 6p=15%		**6**
Q.6	i.	5 Comparison	5*1=5m	**5**
	ii.	As per explanation	5m	**5**
	iii.	W=2.96, x=4.00, y=7.83, 2=13.33	5m	**5**

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