

--	--	--	--	--	--	--	--	--	--	--	--	--	--

NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA

SEM: III - LATERAL / LEFT OVER THEORY EXAMINATION (2021 - 2022) (ONLINE)

Subject: Security and Portfolio Management

Time: 02:00 Hours

Max. Marks: 100

## General Instructions:

1. All questions are compulsory. It comprises of two Sections A and B.
  - Section A - Question No- 1 has 35 objective type questions carrying 2 marks each.
  - Section B - Question No- 2 has 12 subjective type questions carrying 3 marks each. You have to attempt any 10 out of 12 question.
  - No sheet should be left blank. Any written material after a Blank sheet will not be evaluated/checked.

SECTION A

35 x 2 = 70

## 1. Attempt ALL parts:-

- |       |  |   |
|-------|--|---|
| 1.1.a | Employment of funds with the aim of achieving additional income is known as_____   | 1 |
|       | (a) Investment<br>(b) Speculation<br>(c) Gambling<br>(d) Biting  |   |
| 1.1.b | How many companies are included in the SENSEX? (CO1)   | 1 |
|       | (a) 30<br>(b) 50<br>(c) 111<br>(d) 25  |   |
| 1.1.c | The regulatory body for the securities market in India is:   | 1 |
|       | (a) RBI<br>(b) IRDA<br>(c) Stock exchanges<br>(d) SEBI   |   |
| 1.1.d | Bull and _____ are speculators.  | 1 |
|       | (a) Jobber<br>(b) Bear<br>(c) Broker<br>(d) Share holders  |   |
| 1.1.e | What is DEMAT?   | 1 |
|       | (a) An account that is used to hold shares and securities in electronic format.<br>(b) Dematerialization of liquidity<br>(c) Nodal agency to keep a watch on the movements of shares.<br>(d) Decentralized Members of Abroad Transactions. |   |
| 1.1.f | What is FII?   | 1 |
|       | (a) Financial Investors Institute<br>(b) Foreign Investors in India<br>(c) Fair Investment in Industries   |   |

	(d) Foreign Institutional Investors	
1.1.g	RBI is the apex institution in the capital market	1
	(a) TRUE	
	(b) FALSE	
1.2.a	Which of the following is not a part of the candlestick chart?	1
	(a) Opening price.	
	(b) Shadows.	
	(c) Closing price.	
	(d) Real body.	
	(e) Volume of trading	
1.2.b	When the price of the stock is up and closes above the opening trade, the candle stick will usually be ----- and -----	1
	(a) red and unclear	
	(b) white and clear	
	(c) black and clear	
	(d) black and unclear	
1.2.c	the ----- Plots single value such as closing for a time interval	1
	(a) bar chart	
	(b) line chart	
	(c) candle stick chart	
	(d) none of these	
1.2.d	the bottom up approach to the fundamental analysis concentrates only on the analysis of earnings of the company	1
	(a) TRUE	
	(b) FALSE	
1.2.e	Bottom up and top down are two approaches to fundamental analysis	1
	(a) TRUE	
	(b) FALSE	
1.2.f	in Dow theory, the long term trend is always rising	1
	(a) TRUE	
	(b) FALSE	
1.2.g	Double top and triple top patterns are bearish in nature (CO2)	1
	(a) TRUE	
	(b) FALSE	
1.3.a	The principal amount of a bond that is repaid at the end of the loan term is called the bond's:	1
	(a) Coupon	
	(b) Face value	
	(c) Maturity	
	(d) Yield to maturity	
1.3.b	The annual coupon of a bond divided by its face value is called the bond:	1
	(a) Coupon	
	(b) Face value	
	(c) Yield to maturity	
	(d) Coupon rate	
1.3.c	A bond with a face value of Rs 1,000 that sells for less than Rs.1,000 in the market is called a:	1

- (a) Par bond
  - (b) Discount bond
  - (c) Premium bond
  - (d) Zero-coupon bond
- 1.3.d P/E ratio is a relationship between..... and ..... 1
- (a) MP/ EPS
  - (b) NP/EPS
  - (c) GP/ EPS
  - (d) LOSS/EPS
- 1.3.e A share whose current market price is higher than its intrinsic value would be considered as 1
- (a) Overpriced
  - (b) underpriced
  - (c) at par
  - (d) none of these
- 1.3.f In case of Deep Discount Bonds, the issue price is always less than the face value 1
- (a) TRUE
  - (b) FALSE
- 1.3.g In dividend discount model, the valuation of equity shares is based on stream of dividends 1
- (a) TRUE
  - (b) FALSE
- 1.4.a This type of risk is avoidable through proper diversification. 1
- (a) portfolio risk
  - (b) systematic risk
  - (c) unsystematic risk
  - (d) total risk
- 1.4.b A statistical measure of the degree to which two variables (e.g., securities' returns) move together. 1
- (a) coefficient of variation
  - (b) variance
  - (c) covariance
  - (d) certainty equivalent
- 1.4.c The greater the beta, the of the security involved. 1
- (a) greater the unavoidable risk
  - (b) greater the avoidable risk
  - (c) less the unavoidable risk
  - (d) less the avoidable risk
- 1.4.d An example of a specific risk: 1
- (a) A CEO is fired
  - (b) A recession
  - (c) A war
  - (d) A presidential election
- 1.4.e What does the standard deviation measure?(CO4) 1
- (a) The gain on the investment
  - (b) the holding period
  - (c) Risk
  - (d) amount of dividend

1.4.f	Systematic risk is diversifiable (CO4)	1
	(a) TRUE	
	(b) FALSE	
1.4.g	systematic risk remains fixed irrespective of number of securities in portfolio	1
	(a) TRUE	
	(b) FALSE	
1.5.a	The main objective of portfolio is to reduce _____ by diversification.	1
	(a) Return	
	(b) Risk	
	(c) Uncertainty	
	(d) Percentage	
1.5.b	The possibility of reduction of risk through the construction of a portfolio depends on the value of _____ between the two assets.	1
	(a) Correlation coefficient	
	(b) Time	
	(c) Difference	
	(d) None of the above	
1.5.c	All things equal, diversification is most effective when	1
	(a) securities returns are positively correlated	
	(b) securities returns are uncorrelated	
	(c) securities returns are high	
	(d) securities returns are negatively correlated	
1.5.d	The ----- measures the reward to volatility tradeoff by dividing the average portfolio excess returned by the standard deviation of returns (CO5)	1
	(a) Jensen measure	
	(b) Treynor measure	
	(c) Sharpe measure	
	(d) none of these	
1.5.e	The final phase in Portfolio Management is of (CO5)	1
	(a) Security Analysis	
	(b) Portfolio Revision	
	(c) Portfolio Evaluation	
	(d) Portfolio Execution	
1.5.f	“ not putting all your eggs in one basket” means	1
	(a) Investment	
	(b) Financing	
	(c) Diversification	
	(d) none of these	
1.5.g	Correlation coefficient needs to be used for studying risk of a portfolio.	1
	(a) TRUE	
	(b) FALSE	

#### SECTION B

10 X 3 = 30

2. Answer any TEN of the following:-

2.1.a	Define investment	2
2.1.b	Explain risk as a characteristic of investment. (CO1)	2
2.2.a	What is a bullish trend?	2

2.2.b	What are price charts?	2
2.2.c	What is a line chart?	2
2.3.a	What is a spot interest rate?	2
2.3.b	What is a deep discount bond?	2
2.3.c	Explain valuation of equity share based on accounting information	2
2.4.a	Explain the concept of portfolio analysis.	2
2.4.b	Explain Markowitz model.	2
2.5.a	Explain portfolio revision.	2
2.5.b	Explain reward to volatility ratio.	2