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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

**MBA**

SEM: III - THEORY EXAMINATION (2022 - 2023)

Subject: Security Analysis and Portfolio Management

Time: 3 Hours

Max. Marks: 100

**General Instructions:**

IMP: Verify that you have received the question paper with the correct course, code, branch etc.

1. This Question paper comprises of three Sections -A, B, & C. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.
2. Maximum marks for each question are indicated on right -hand side of each question.
3. Illustrate your answers with neat sketches wherever necessary.
4. Assume suitable data if necessary.
5. Preferably, write the answers in sequential order.
6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.

**SECTION A**

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**1. Attempt all parts:-**

- 1-a. Employment of funds with the aim of achieving additional income is known as\_\_\_\_ (CO1) 1
- (a) Investment
- (b) Speculation
- (c) Gambling
- (d) Biting
- 1-b. Buying low and selling high, making a large capital gain is associated with \_\_\_\_\_ (CO1) 1
- (a) Investment
- (b) Speculation
- (c) Gambling
- (d) Arbitrage
- 1-c. An efficient market is defined as one in which.(CO2) 1
- (a) all participants have the same opportunity to make the make the same returns.
- (b) all participants have the same legal rights and transactions costs.
- (c) securities' prices quickly and fully reflect all available information.

- (d) securities' prices are completely in line with the intrinsic value.
- 1-d. The highest level of market efficiency is.....(CO2) 1
- (a) weak form efficiency.
  - (b) semi-strong form efficiency.
  - (c) random walk efficiency.
  - (d) strong form efficiency.
- 1-e. The principal amount of a bond that is repaid at the end of the loan term is called the bond's:(CO3) 1
- (a) Coupon
  - (b) Face value
  - (c) Maturity
  - (d) Yield to maturity
- 1-f. The annual coupon of a bond divided by its face value is called the bond:(CO3) 1
- (a) Coupon
  - (b) Face value
  - (c) Yield to maturity
  - (d) Coupon rate
- 1-g. Risk of two securities with different expected return can be compared with:(CO4) 1
- (a) Coefficient of variation
  - (b) Standard deviation of securities
  - (c) Variance of Securities
  - (d) None of the above
- 1-h. This type of risk is avoidable through proper diversification.(CO4) 1
- (a) portfolio risk
  - (b) systematic risk
  - (c) unsystematic risk
  - (d) total risk
- 1-i. The main objective of portfolio is to reduce \_\_\_\_\_ by diversification.(CO5) 1
- (a) Return
  - (b) Risk
  - (c) Uncertainty

(d) Percentage	
1-j. A combination of various investment products like bonds, shares, securities, mutual funds and so on is called as _____.(CO5)	1
(a) Portfolio	
(b) Investment	
(c) Speculation	
(d) Gambling	
2. Attempt all parts:-	
2.a. Explain risk as a characteristic of investment. (CO1)	2
2.b. Discuss the term "Sensex".(CO2)	2
2.c. Explain the long term fixed income securities.(CO3)	2
2.d. Explain the concept of portfolio analysis.(CO4)	2
2.e. Briefly explain portfolio revision.(CO5)	2
SECTION B	30
3. Answer any <u>five</u> of the following:-	
3-a. Explain the return and risk as a characteristic of investment.(CO1)	6
3-b. Explain the different types of financial market in India.(CO1)	6
3-c. Explain the two approaches commonly used to analyze the movement of share prices in the market.(CO2)	6
3-d. Briefly explain the technical analysis.(CO2)	6
3.e. Explain the concept used in the calculation of yield to maturity.(CO3)	6
3.f. State the concept of covariance in the portfolio of securities.(CO4)	6
3.g. In portfolio evaluation how is risk adjusted to returns? Explain in detail.(C04)	6
SECTION C	50
4. Answer any <u>one</u> of the following:-	
4-a. Summarize the process of investment in financial securities.(CO1)	10
4-b. Explain the role of the stock exchange and the functions of the stock exchange.(CO1)	10
5. Answer any <u>one</u> of the following:-	
5-a. Summarize the basic principles of Dow theory in detail.(CO2)	10
5-b. Describe the Japanese Candlestick chart with example.(CO2)	10
6. Answer any <u>one</u> of the following:-	

- 6-a. The value of a bond is equal to the present value of its expected cash flows. Explain with an example.(CO3) 10
- 6-b. The following information is available in respect of the return from security X under the different economic conditions:(CO3) 10

Economic Conditions	Return	Probability
Good	20%	0.1
Average	16%	0.4
Bad	10%	0.3
Poor	3%	0.2

Find out the expected return of the security and the risk associated with that.

7. Answer any one of the following:-

- 7-a. Explain the impact of covariance on portfolio risk when security returns are perfectly positively correlated, negatively correlated and uncorrelated. (CO4) 10
- 7-b. Calculate the expected return and variance of a portfolio comprising two securities, assuming that the portfolio weights are 0.75 for security 1 and 0.25 for security 2. The expected return for security 1 is 18%, and its standard deviation is 12%, while the expected return and standard deviation for security 2 are 22% and 20%, respectively. The correlation between the two securities is 0.6. (CO4) 10

8. Answer any one of the following:-

- 8-a. Compare and contrast the constant rupee value plan and the constant ratio plan.(CO5) 10
- 8-b. Distinguish between the Sharpe ratio and the Treynor ratio.(CO5) 10