D5BBH2003   (PAGES 3)   Reg.No.............................

                                                           Name: ....

FIFTH SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2022
BBA HONOURS
GBAH5B21T: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: 3 Hours   **Maximum Marks: 80**

SECTION A: Answer all the questions. Each carries 1 mark.

Choose the Correct Answer

1. Which share have a preferential right to the payment of dividend at the time of winding up of the company?

   a. Equity Share   b. Preference Share

   c. Bonus Share   d. None of the above

2. In which of the following equity valuation model, future period is divided into two periods namely period of extra ordinary growth and period of constant growth?

   a. Constant growth model   b. Multiple growth model

   c. Single period valuation model   d. None of these

3. In the weakly efficient market, the stock price reflects

   a. The company financial performance   b. The price of the scrip

   c. The demand for the scrip   d. The past price and traded volumes

4. A portfolio having two risky securities can be turned risk less if

   a. The securities are completely positively correlated

   b. If the correlation ranges between zero and one

   c. The securities are completely negatively correlated

   d. None of the above.

5. "Not putting all your eggs in one basket" means.

   a. Investment   d. Financing

   c. Diversification   d. None of the above

Fill in the Blanks

6. .... ratio measures the ability of a firm to pay its immediate liabilities

7. Efficient market theory was proposed by ....

8. DCF stands for ....

9. ....is the graphical representation of Capital Asset Pricing Method.

10. CAPM was developed by ....

                                                    (10 x 1 = 10 Marks)
                                                           (PTO)

SECTION B: Answer any eight questions. Each carries 2 marks.

11. What do you mean by Gilt-edged securities?

12. How do common stocks differ from preference stock?

13. What is meant by ROE?

14. What is a market indicator?

15. Suppose dividends on a stock today are Rs.5 per share and dividends are expected to grow at a rate of 5% per year, ad infinitum. If the required rate of return is 8%, what is the value of a share of stock?

16. What is constant growth model of equity valuation?

17. State the assumptions of Markowitz theory

18. What are the different types of objectives in portfolio construction?

19. Estimated value of beta square of a security is 2 and variance of market index return is 120,variance of residual return of individual security is 400. Calculate variance under single index model

20. What is APT?

(8 x 2 = 16 Marks)

SECTION C: Answer any six questions. Each carries 4 marks.

21. Discuss the various saving schemes promoted by post office, which are presently available to investors.

22. Explain the problems with real estate investments.

23. Discuss the important factors to be considered while conducting economic analysis.

24. What is a stock bar chart?

25. Mr. Vijay has brought ACC stock that has paid Rs. 3 as dividend per share during the last financial year. He expects two situations either a 5 percent decline in the dividend or 5 percent increase in the dividend in the next year. His expected rate of return is 20%. Estimate the value of shares in both of these situations.

26. The return of 2 securities X and Y for a four years period is given below . Calculate covariance

Year	Return on X	Return on Y
1	10	17
2	12	13
3	16	10
4	18	8

27. Calculate the portfolio variance and standard deviation for a portfolio having following characteristics

Securities	Return	Standard deviation	Proportion of investment
J	40	12	0.2
K	15	8	0.3

Correlation coefficients of J and K = 0.8

28. Mr. Vimal holds stocks of two companies A and B with following details

	A	B
Security return	10	5
Security variance	0.0064	0.0016
Investment proportion	0.5	0.5

Correlation between A and B – 0.5

What is the portfolio return and portfolio risk?

(6 x 4 = 24 Marks)

SECTION D: Answer any two question. Each carries 15 marks.

29. What is investment? Discuss the factors that differentiate the investor from the speculator and gambler.

30. The monthly return data in percent of ACC Stock and BSE index is given below. Calculate Beta of ACC Stock under correlation method.

Month	ITC Stock	BSE Index
Jan	9.43	7.41
Feb	0	-5.33
Mar	-4.31	-7.35
Apr	-18.92	-14.64
May	-6.67	1.58
Jun	26.57	1.58
July	20.00	5.11
Aug	2.93	0.76
Sep	5.25	-0.97
Oct	21.45	10.44
Nov	23.13	17.47
Dec	32.83	20.15

31. Hyden Cos bonds mature in 15 years and pays 8% interest annually. If you purchase bond for Rs.1175 what is your expected rate of return?

(2 x 15 = 30 Marks)