

FIFTH SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2023**(Regular/Improvement/Supplementary)****BBA HONOURS****GBAH5B21T: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT****Time: 3 Hours****Maximum Marks: 80****PART A: Answer all the questions. Each carries *one* mark.****Choose the Correct Answer**

1. _____ is associated with buying low and selling high, resulting in a significant capital gain.
A. Speculation B. Gambling C. Investing D. Arbitrage
2. Which method establishes a linear relationship between dependent and independent variable?
A. Regression Method B. Correlation Method
C. Standard Deviation D. None of the above
3. Which of the following statement defines the efficient market?
A. Information is fully reflected on the stock price B. The stock exchange is fully automated
C. The market is monitored by the regulation authorities D. Free entry and exit of investors
4. Capital market line is:
A. Capital allocation line of a market portfolio B. Capital allocation line of a risk-free asset
C. Both a and b D. None of the above
5. _____ include “expensive stocks” that offer big rewards but have big risk.
A. The patient portfolio B. Conservative portfolio
C. Aggressive portfolio D. Efficient portfolio

Fill in the Blanks

6. Beta greater than 1 show shares.
7. Systematic risk is also known as
8. -----rate is the interest rate that a bond carries on its face value.
9. SML stands for
10. -----is the graphical representation of Capital Asset Pricing Method.

(10 x 1 = 10 Marks)**(PTO)**

PART B: Answer any *eight* questions. Each carries *two* marks.

11. Define securities?
12. What is Portfolio?
13. Price at the beginning of an equity share was Rs.140. The price at the end was Rs.160. The holder received a dividend of Rs.8 per share. Calculate rate of return.
14. List out the measures used for risk measurement.
15. What do you mean by share valuation?
16. An investor would like to get a dividend of Rs.0.50 from a share and want to sell it next year for Rs.75 after keeping it for one year. The required rate of return is 15%. Calculate the present value of shares.
17. What is the present value of a bond with face value Rs.1000, coupon rate 8% and maturity period of 3 years and YTM = 10%?
18. What do you mean by gilt edged securities?
19. What is Security Market Line?
20. State the assumptions of CAPM model.

(8 x 2 = 16 Marks)

PART C: Answer any *six* questions. Each carries *four* marks.

21. Explain the legal framework of securities market.
22. Explain the factors influencing the investment decisions.
23. The return and probability distribution of an investment are given below. Calculate expected return and Standard Deviation?

Return	-25	-10	0	15	20	30	35
Probability	0.05	0.10	0.10	0.15	0.25	0.25	0.15

24. A company has declared dividend of Rs.2.50 per share of the current year. The company adopts the policy of increasing its dividend by 10 per cent every year and expected to continue this in future also. The required rate of return is 15 per cent. What would be the present value of shares?
25. Discuss Efficient Market Theory.
26. A five-year bond with a coupon payment of Rs.11 and the maturity value of Rs.80 is currently selling at Rs.110. The yield to maturity is 10%. Advise the investor whether to buy or not this security.
 - a. Determine the price of Rs.1000 zero coupon with yield to maturity of 18 per cent and 10 years of maturity.
 - b. What is YTM of this bond if its price is Rs.220?
27. Ashok considers Rs.1000 par value bond bearing a coupon rate of 11% that matures after 5 years. He wants a minimum YTM of 15%. The bond is currently sold at Rs.870. Advice to buy the bond or not.
28. Explain the Sharpe Index Model. How it is different from Markowitz model?

(6 x 4 = 24 Marks)

PART D: Answer any two questions. Each carries fifteen marks.

29. Define debentures. Discuss different types of bonds in detail.

30. A portfolio consists of 5 securities with following features.

Security	Beta	Standard deviation	Proportion
A	1.6	3	0.1
B	0.94	7	0.3
C	1.4	5	0.2
D	1.3	9	0.3
E	0.7	4	0.1

If standard deviation of market index is 15, what is the risk of total portfolio?

31. Calculate the covariance and coefficient of correlation from the following data.

Period	Stock	Return	Expected return
1	X	14	18
	Y	26	18
2	X	22	18
	Y	10	18

(2 x 15 = 30 Marks)