D5BBH2302 (PAGES: 3) **Reg. No.....**

Name: .....

FIFTH SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2025

(Regular/Improvement/Supplementary)

BBA HONOURS

GBAH5B21T: SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

Time: 3 hours **Maximum Marks: 80**

Part A. Answer *all* the questions. Each question carries *one* mark.

Choose the correct answer.

1. Which of the following is not a financial investment?

   A) Purchase of shares B) Purchase of bonds

   C) Purchase of car D) Purchase of debentures

2. Which of the following is a tax saving investment?

   A) Fixed deposit B) Shares C) NSC D) PPF

3. SENSEX has _____ stocks.

   A) 50 B) 90 C) 30 D) 30

4. If the return of the portfolio is 19% and the risk free rate of the return is 9% while the beta of the portfolio is 1.9% the Treynor measure of the portfolio is _____.

   A) 5.26 B) 6 C) 6.5 D) 7.5

5. If the return of the portfolio is 25% and the Risk free rate of return is 15% while the standard deviation of the portfolio return is 35% the Sharpe measure for the portfolio is:

   A) 28.6 B) 20 C) 25 D) None of the above

Fill in the Blanks.

6. The _____ measures the sensitivity of a security's returns to the returns of the overall market.
7. In portfolio management, the _____ ratio is used to assess the return of an investment relative to its risk, where risk is measured by the standard deviation of returns.
8. The _____ theorem is a key concept in modern portfolio theory that suggests investors can achieve an optimal portfolio by combining a risk-free asset with a portfolio of risky assets.
9. The _____ of a portfolio is calculated by taking the weighted average of the standard deviations of its constituent assets, considering the correlations between them.
10. The _____ model is used to estimate the expected return of a security based on its beta and the expected return of the market, as well as the risk-free rate.

(10 × 1 =10 Marks)

(PTO)

Part B. Answer any *eight* questions. Each carries *two* marks.

11. What is Security?
12. Comment on gambling.
13. Compute the current yield of a bond having face value of Rs. 100 and interest 18% having current market price of Rs. 75.
14. What is risk?
15. What is FEMA?
16. Who is the Chairman of SEBI?
17. What is Beta?
18. A share pays Rs. 20 as dividend. If the required rate of return is 10 %, what is the value of the share currently?
19. The return on portfolio is 15 % and variance of portfolio is 25. If the risk-free rate is 6%, what is the Sharpe ratio?
20. What is NSE?

(8 × 2 = 16 Marks)

Part C. Answer any six questions. Each question carries 4 marks.

21. A stock currently pays a dividend of Rs. 5 per share. The dividend is expected to increase 6 % infinitely. If the required rate of return is 12 %, what is the value of the stock?

    If the dividend is Rs. 8 and other things remaining the same, what will be the value of the stock? Comment.
22. What is gilt edged fund?
23. A bond having face value of Rs. 9000 with an annual coupon rate of 15 % having current market Price of Rs. 920. Consider the bond has 5 years to mature and repaid at par. What is the YTM?
24. What is fundamental analysis?
25. Write a short note on Bond valuation models.
26. Calculate the risk of the two stocks and justify where the risk is high and low.

Stock	1st Year	2nd Year	3rd year	4th Year	5th Year
Y	7%	6%	9%	12%	6%
Z	12%	2%	25%	-9%	10%

27. Explain CAPM model.
28. An investor expects a dividend of Rs. 26.5 next year and plans to sell it for Rs. 7000 after holding it for 5 years. Considering the required return as 25 %, what shall be the present value of the stock?

(6 × 4 = 24 Marks)

Part D. Answer any *two* questions. Each carries *fifteen* marks.

29. An Analyst had forecasted three economic scenarios and its associated probabilities. Also conditional return of three stocks A, B, C during this period were estimated. For a portfolio with 40% of the funds invested in stock with lowest standard deviation and the rest invested equally in other two stocks, compute the return, variance and the standard deviation of the portfolio.

Economic scenario	Probability	Conditional Return (%)		
		A	B	C
Growth	0.40	15	11	13
Stagnation	0.35	12	13	9
Recession	0.25	8	14	6

30. Explain the objectives of investment.
31. Find out the expected return and risk using the following data.

Return in %	7	6	5	8	10	9	4
Probability	0.6	0.4	0.3	0.65	0.7	0.75	0.4

(2 × 15 = 30 Marks)