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Total Number of Pages: 02

Course: MBA
Sub_Code: 18MBA301B

3rd Semester Regular/Back Examination: 2024-25
SUBJECT: Security Analysis and Portfolio Management
BRANCH(S): MBA, FM&HRM, LSCM, MBA (M & F), RM, BA, FM, GM, HRM, IB, MM
Time: 3 Hours
Max Marks: 100
Q.Code: R034

Answer Question No.1 (Part-1) which is compulsory, any eight from Part-II and any two from Part-III.

The figures in the right-hand margin indicate marks.

Part-I

Q1 Answer the following questions: (2 x 10)

- What is Purchase power risk?
- What is Systematic risk? Give examples
- What is short sale? Explain with example.
- What are Business risk and financial risk?
- Who is a genuine investor?
- Who is a speculator? What strategy does he follow in stock market?
- What is margin trading? Does it bring profit to investor? Explain.
- What is Efficient Market Hypothesis?
- What is breadth of market? What does it indicate?
- What is the need for revising a portfolio?

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) (6 x 8)

- a) KK invested in equity shares of Wipro. Its anticipated returns over 6 years are given below. You are required to calculate the expected rate of return and risk in terms of standard deviation and variance

Return%	12	15	18	20	24	26	30
p	0.05	0.10	0.24	0.26	0.18	0.12	0.05

- b) Given $R_p = 15\%$ and $R_q = 20\%$ and $\delta_p = 50\%$ and $\delta_q = 30\%$ and $r_{pq} = -0.60$. Find the risk and return of the portfolio if the portfolio is 40% p and 60% q.
- c) As a Technical Analyst what are your likes and dislikes and considerations?
- d) Write a short note on Support and Resistance level with diagrams.
- e) Write the operation of Elliot Wave Theory with diagram.
- f) Explain in detail the DOW theory with diagram.
- g) Explain the concept of Markowitz Model with a diagram. Discuss its limitations.
- h) Explain the Sharpe's Single index model with its assumptions.

- i) The estimated rates of return, β values and δ are given below. The risk-free return is 6%. The market return is expected to be 15%. Determine which share is overpriced or underpriced?

Security	Estimated return (%)	β	δ in percent
A	35	1.6	50
B	28	1.4	40
C	21	1.1	30
D	18	0.9	25
E	15	0.7	20

- j) What do you mean by formula plan? Discuss the 3 plans used for portfolio revision.
- k) The following information pertains to the price of Indian Oil stock for the last 8 trading sessions. You are required to calculate the RSI of the stock of Indian Oil and interpret the result so obtained.

Day	0	1	2	3	4	5	6	7
Stock price	180	160	190	210	300	290	210	160

- l) Distinguish between Fundamental Analysis and Technical Analysis.

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 Discuss in detail the elements of portfolio management. **(16)**

Q4 Given below are the likely returns in case of shares of VCC Ltd. and LCC Ltd. in the various economic conditions. Both the shares are presently quoted at Rs. 100 per share. Find which of the two companies are risky investments? **(16)**

Economic conditions	Probability	Returns of VCC	Returns of LCC
High Growth	0.3	100	150
Low growth	0.4	110	130
Stagnation	0.2	120	90
Recession	0.2	140	60

Q5 What is EIC analysis? What are the objectives of going for this analysis? Discuss the parameters to be considered in Fundamental analysis **(16)**

Q6 The following details are given for the stocks of X Ltd. and Y Ltd. and the Sensex for a period of one year. Calculate the Systematic and Unsystematic risk for the companies' stocks. If equal amount of money is allocated for the stocks, then what would be the portfolio risk? **(16)**

	X Ltd.	Y Ltd.	Sensex
Average Return	0.15	0.25	0.06
Variance of Return	6.30	5.86	2.25
Beta	0.71	0.27	