PRN:		Course Code:	PBAFM305

Second Year **M.B.A** End Semester Examination Winter 2023

SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

Day and Date: Monday, 04/12/2023 Max Marks: **50**

Time : 10.30 am to 12.30 pm Duration: **02** hrs

Instructions: All questions are compulsory.

		Marks	Bloom's Level	CO
Q.1	**Attempt any two from the following**			
a)	Imagine you are a portfolio manager. Describe the key factors you would consider when selecting investments for a client's portfolio.	06	L2	CL01
b)	Differentiate between Investments Vs. Speculation & Gambling	06	L4	CL01
c)	As a portfolio management consultant, you are approached by an investor with investible funds of 25 lakhs. Identify the investment avenues available to him which will give a stable return with minimum risks.	06	L4	CL01
Q.2	**Attempt any two from the following**			
a)	Consider a scenario where an individual is interested in investing in the stock market and has selected a particular company's stock for investment. They have decided to apply technical analysis as part of their investment decision-making process. Using the principles of technical analysis, describe the specific tools and techniques the investor could use to assess the chosen company's stock. Provide examples of charts or indicators they might use.	06	L3	CL02
b)	The following is the information of stock X and stock Y under the possible states of nature:	06	L4	CL02

States Of Nature	Probability	Return On X	Return On Y
Boom	0.1	5%	0%
Normal	0.3	10%	8%
Recession	0.5	15%	18%
Recovery	0.1	20%	26%

You are required to:

i. Calculate the expected return on stock X and Y.
ii. Calculate the standard deviation of both the stocks, and
iii. If you want to invest in any one stock, which stock would you prefer?

c)	Analyze the strengths and limitations of the Dow Theory in contemporary financial markets.	06	L4	CL02

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Q.3 **Attempt the following**

a) Discuss Markowitz theories Assumptions and limitations. 06 L2 CL03

b) Mr. Koushik has an investment in below mentioned securities, 07 L4 CL03

Investment In Equity Shares	Initial Price	Market Price	Dividend	Beta Risk factor
Stock A	80	95	2	0.5
Stock B	101	1.17	3.0	0.6
Stock C	50	0.63	1	0.66

Risk free return taken as 14%

Calculate

i. Expected return of portfolio in each using CAPM Model.

ii. Average return of portfolio.

or

b) Evaluate the steps involved in the Optimal Portfolio Selection Process, considering the key principles of risk and return. Support your evaluation with relevant examples from the field of finance. 07 L5 CL03

Q.4 **Attempt the following**

a) Discuss the Constraints in Portfolio Revision. 06 L2 CL04

b) Following information is given in respect of three mutual fund and market, 07 L3 CL04

Portfolio	Return	Beta	Risk-free return
Birla	15%	1.2	9
Kotak	16%	1.5	9
Reliance	12%	0.8	9
Market Index	13%	1.0	9

You are required to rank these portfolio's according to Jensen's Measure of Portfolio return.

or

b) Mr. Sitaram, a 35-year-old professional, has recently received a significant bonus and is eager to invest wisely to achieve both short-term and long-term financial goals. He is considering creating a personalized portfolio but is unsure about the best approach. Considering the dynamic nature of financial markets, propose how Mr. Sitaram should adapt his portfolio strategy during periods of market volatility or economic uncertainty. 07 L6 CL04

Outline a plan for monitoring Mr. Sitaram's portfolio over the next year. How would you determine if a rebalancing is necessary?

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