Roll No : ....

Total No. of Questions : **7**] [Total No. of Printed Pages : **3**

BB–419

B.B.A. (Part–III) Examination, 2021

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(Gr.–FM)

Paper - BBA–605

Time : 1½ Hours] [*Maximum Marks : **70***

Section–A **(Marks : 2 × 10 = 20)**

Note :– All the *ten* questions are compulsory. Each question is to be attempted in around **50** words. Each question carries **2** marks.

Section–B **(Marks : 10 × 3 = 30)**

Note :– Answer any *three* questions out of five. Each question is to be attempted in around **500** words. Each question carries **10** marks.

Section–C **(Marks : 20 × 1 = 20)**

Note :– *One* question based on case study is compulsory and carries **20** marks.

Section–A 2 each

1. (i) What do you mean by Economic Investment ?

 (ii) What are the components of Security Market ?

(iii) What is Market Risk ?

(iv) How do you measure Historical Return ?

(v) Define financial statement analysis.

(vi) What do you mean by Business Cycles ?

(vii) What is Sharpe Ratio ?

(viii) What are the assumptions of Markowitz Model ? (Any *two*)

(ix) What is a Portfolio ?

(x) Define Portfolio Management.

Section–B

2. Discuss the factors affecting fluctuations in share prices. 10

3. The rate of return of equity shares of Samsung Ltd., for past 6 years are given below :

Year	**Rate of Return (%)**
2011	12
2012	18
2013	–6
2014	20
2015	22
2016	24

Calculate the average rate of return, standard deviation and variance. 2+6+2

4. What do you mean by fundamental analysis ? Discuss the objectives and limitations of this analysis. 2+4+4

5. What are the strengths and weakness of the Markowitz Approach ? 5+5

6. Write a short note on 'Mutual Funds'. 10

Section–C 20

7. Stocks ABC and XYZ have the following historical returns :

Year	Stock A's Returns, R_A	Stock B's Returns, R_B
2010	(10%)	(3%)
2011	18.50	21.29
2012	38.67	44.25
2013	14.33	3.67
2014	33.00	28.30

(a) Calculate the average rate of return for each stock during the period 2010 through 2014. Assume that someone held a portfolio consisting of 50 percent of stock ABC and 50 percent of stock XYZ. What would have been the realized rate of return on the portfolio in each year from 2010 through 2014 ? What would have been the average return on the portfolio during this period ?

(b) Now calculate the standard deviation of returns for each stock and for the portfolio.

(c) Looking at the annual returns data on the two stocks, would you guess that the correlation coefficient between returns on the two stocks is closer to 0.9 or to –0.9 ?

(d) If you added more stocks at random to the portfolio, which of the following is the most accurate statement of what would happen to σ_p ?

(i) σ_p would remain constant

(ii) σ_p would decline to some where in the vicinity of 21 percent

(iii) σ_p would decline to zero if enough stock were induded