

Roll No. : .....

Total No. of Questions : 16 ]

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## **E-394**

**B.B.A. (Part-III) Examination, 2023**

### **SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**

Paper - BBA-605-FM

*Time : 3 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**

1. Define Investment.
2. Differentiate between Investment and Speculation.
3. Differentiate between Equity Share and Debenture.
4. Why mutual funds are subject to Market Risk ?

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5. Explain undervalued and overvalued shares as per CAPM.
6. How return and risk of a portfolio of two securities is calculated ?
7. Explain the assumptions of dividend capitalization approach.
8. Explain the concept of diversification as per Markowitz Optimization.
9. Explain the role of Stock Broker.
10. Define Fundamental Analysis.

### **Section–B**

11. Define Risk. Differentiate between Systematic and Non-systematic Risk. Why systematic risk cannot be diversified ?
12. (a) A company issued 1,00,000, 10% debentures of face value ₹ 1,000 each at a premium of 5%. These are redeemable at 6% premium after 7 years. If an investor buys these from company and holds till maturity, then calculate YTM for him.
- (b) During the current year a company paid dividend of ₹ 2 per share. The dividends have a track record of 7% constant growth which is likely to continue in future as well. If required rate of return on these shares is 16% then find out the current price of these shares. 5,5
13. Define Mutual Fund. Discuss different types of Mutual Fund Schemes.
14. (a) Risk free rate in the economy is 4% and market risk premium is 7%. Calculate expected return of below shares having beta : (i) 0.75, (ii) 1.25, (c) 2.20.
- (b) Define Capital Asset Pricing Model. Explain its assumptions. 6,4
15. A tourist spot has uncertain weather condition, following is the probability distribution and return profile of two industries :

Condition	Probability	Return of Coffee Industry ( $R_c$ %)	Return of Ice-cream Industry ( $R_i$ %)
Cold Weather	0.70	20	8
Hot Weather	0.30	8	20

**Required :**

Calculate mean expected (ex-ante) return and risk of both the industries in this tourist place.

### Section-C

16. Consider below given data :

Share	Return (%)	Risk (Standard Deviation %)
A	20	4
B	26	5
C	22	3

Correlation Matrix :

	A	B	C
A	1.00	0.50	-0.50
B	0.50	1.00	-0.40
C	-0.50	-0.40	1.00

Calculate Return and Risk of the following portfolios :

- Investment in A and B in Equal Ratio
- Investment in A and C in Equal Ratio
- Investment in B and C in Equal Ratio