

Roll No. : .....

Total No. of Questions : 7 ]

[ Total No. of Printed Pages : 3

## **BB-402**

**B.B.A. (Part-III) Examination, 2022**

### **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. (i) What is the difference between Investment and Speculation ?
- (ii) What do you know about Stock Market Indicators ?

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- (iii) What do you mean by Financial Risk ?
- (iv) What do you understand by 'Hybrid Security' ?
- (v) What do you know about EIC framework ?
- (vi) What do you mean by Technical Analysis ?
- (vii) What is Capital Market Line ?
- (viii) What do you know about Arbitrage Equation ?
- (ix) What is NAV ?
- (x) What is the meaning of Active Portfolio Management Strategies ?

### **Section-B**

2. "Investment is a game but you must know how to play it." Explain the statement keeping in view various approaches to investment decision making.
3. Explain the DOW Theory and Eliot Wave Theory with the help of diagrams. How the former can be used to determine the direction of stock market ? Discuss.
4. What do you know about concept of Risk ? What are the different types of Risk ? Explain.
5. What are the basic assumptions of CAPM ? What are the advantages of adopting CAPM model in the portfolio management ?
6. How performance evaluation of managed portfolio is done ? Discuss Sharpe, Treynor and Jensen Measures.

**Section–C**

7. The below mentioned information provides *three* major classes of risky securities available :

<b>Correlation with</b>						
Security Class	Total Market	$\sigma$ (Sigma)	RE	E	D	Total
Real Estate (RE)	10000	20%	1.0			0.65
Equity (E)	6000	30%	0.3	1.0		0.60
Debt (D)	4000	15%	0.3	0.3	1.0	0.30

- (a) What is the Market Portfolio ? How much of its risky assets should the mutual fund invest in each security type ? What is the  $\sigma$  (Sigma) of such a portfolio ?
- (b) If risk free rate is 8.0% and return on market portfolio is 5.0%, what are the CML and SML equation ?
- (c) If investment portfolio should have a long-run expected return of 12%, how would this be obtained ?
- (d) If a company beta is 1.2, what should be equity expected to earn to qualify for a purchase ?
- (e) The local representative of a mutual fund has been pressing the investor to invest solely in this fund. One reason which the representative offers is that the fund has a beta of 1.0 and thus its risk is the same as the market portfolio's risk. Comment.