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**PRESIDENCY
UNIVERSITY**
BENGALURU

School of Commerce and Economics
Mid-Term Examinations - Nov 2024

Semester: V

Date: 06-11-2024

Course Code: BBA3001

Time: 02:00pm - 03:30pm

Course Name: Security Analysis and Portfolio Management

Max Marks: 50

Program: BBA

Weightage: 25%

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2marks.

2Mx5Q=10M

- | | | | | |
|---|--|---------|------------|------|
| 1 | What is Portfolio Diversification? | 2 Marks | Understand | CO-1 |
| 2 | State the fundamental difference between Coupon and Non-Coupon Bonds. | 2 Marks | Remember | CO-1 |
| 3 | Shares and Debentures are considered to be Financial Securities. Recall the meaning the Financial Securities. | 2 Marks | Understand | CO-1 |
| 4 | State Effective Rate of Return with an example. | 2 Marks | Remember | CO-2 |
| 5 | Ms Gargi invested in a Bank Fixed Deposit which pays her 8.5%pa compounded quarterly. If Inflation Rate is 4% pa, what is the Real Return earned on this FD by Ms Gargi? | 2 Marks | Remember | CO-2 |

Part B

Answer ALL Questions. Each question carries 10 marks.

4QX10M=40M

- | | | | | |
|----|---|---------|---------------|--------|
| 6a | You have been hired as a consultant to help ABC Ltd. to manage and grow its wealth. In this regard, explain the key steps involved in the investment process. | 5 Marks | Understanding | CO - 1 |
| 6b | Identify two most important risks faced by the following investments:
a) Land
b) Gold
c) Equity Shares
d) Bank Fixed Deposit | 5 Marks | Understanding | CO - 1 |

OR

7 7a Ms Kala wants to go on a European Tour 5 Years from now for which she wants to invest a single amount today and create the required corpus for the tour from this investment. As a Financial Expert, suggest Ms Kala any Two specific Investments to achieve her financial objective. 5 Marks Understanding CO - 1

7b Ms Suguna has created a Two Asset Portfolio with 60% of money invested in Equity Mutual Funds with an expected return of 15% and Standard Deviation of 20% and 40% of money in Debt Mutual Funds with an expected return of 10% with a Standard Deviation of 8%. If the Correlation between Equity and Debt is 0.35, calculate for Ms Suguna both Portfolio Returns and Portfolio Risk. 5 Marks Understanding CO - 1

8 8a Identify the various sources of Risk involved in Investment Process. 5 Marks Understanding CO - 1

8b A Investor has invested his money in 3 Share Portfolio, the details of which for the year 2023 is as follows: 5 Marks Understanding CO - 1

Sl. No.	Name of the Share	Quantity	Opening Price	Closing Price
1	Infosys	200	1200	1600
2	Reliance	200	2100	2400
3	SBI	500	580	596

From the given information find the Returns earned by this Portfolio for the Year 2023.

OR

9 9a Mani, a 45-year-old investor, has built a diversified portfolio consisting of stocks, bonds, real estate, and mutual funds. While his portfolio has performed well over the past few years, recent market volatility has made him anxious about potential risks. John's primary goal is to preserve his wealth while achieving moderate growth, but he is uncertain about the causes of risk that could affect his investments in the future. Explain to Mr Mani, the various risks that he will face with his investments. 5 Marks Understanding CO - 1

9b Mr. Arif buys 500 shares of ABB Ltd for Rs. 500/- per share. He later receives a dividend of Rs 20/- per share. He subsequently sells it for Rs 650/-. What is the Holding Return earned by Mr Arif on the Investment? 5 Marks Understanding CO - 1

10 10a Infosys and Nifty have a Correlation of 0.65 and a Beta of 0.85. Interpret and explain how these two numbers can be read and understood by an Investor. 5 Marks Understanding CO - 1

10b Explain how you can interpret Beta of a Stock if it is 1.35; 0.75 and 1.00. 5 Marks Understanding CO - 1

OR

11 11a A 9% pa Annual Coupon Bond with a Face Value of Rs 1000 and maturity of 6 years is trading at a Price of Rs 948. Calculate the Yield to Maturity of this Coupon Bond. 5 Marks Understanding CO - 1

11b Calculate CAGR from the following information, 5 Marks Understanding CO - 1
 Year 1 – Return 10%
 Year 2 – Return 20%.

12 12a Write a brief note on the Classification of Bonds. 5 Marks Remembering CO - 2

12b Calculate Per Period Return for the following data. 5 Marks Understanding CO - 1

Period	Opening Price of Share	Closing Price of Share	Dividend
1	34	62	1.00
2	42	68	1.50
3	48	63	0.50
4	43	60	1.00

OR

13 13a What are various measures used for quantifying the Risk of an Investment? 5 Marks Understanding CO - 1

13b A Stock has provided the following Returns for the past 5 years: 5 Marks Understanding CO - 1

Year	Returns
2019	15%
2020	10%
2021	20%
2022	5%
2023	25%

Compute the % Total Risk of this Investment.