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 **PRESIDENCY UNIVERSITY**

  **Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 13 – 01- 2025 **Time:** 09:30 am – 12:30 pm |

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| --- | --- |
| **School:** SOC &SOM-UG | **Program:** BBB/ BCH/B.COM. Hons (CMA)/ B.COM. (HONORS) (Business Analytics) |
| **Course Code:** BBA3001 | **Course Name:** Securities Analysis and PortfolioManagement |
| **Semester**: V | **Max Marks**: 100 | **Weightage**: 50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **4** | **26** | **26** | **26** | **18** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 2 marks. (10Q x 2M = 20M)** | **Bloom's Level**  | **CO** |

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| **1** | State any TWO differences between Investment and Speculation. | **2 Marks** | **Remember** | **CO1** |
| **2** | Name any TWO risks faced by investors investing in Corporate Debentures. | **2 Marks** | **Remember** | **CO1** |
| **3** | State any TWO Trend Reversal Patterns used in Technical Analysis. | **2 Marks** | **Remember** | **CO2** |
| **4** | Draw and show the components of a Bar Chart as used in Technical Analysis. | **2 Marks** | **Remember** | **CO2** |
| **5** | State what does Jensen’s Alpha represent. Also Recall how it is Calculated.  | **2 Marks** | **Remember** | **CO3** |
| **6** | Draw and show the components of a Candle Stick as used in Technical Charts.  | **2 Marks** | **Remember** | **CO3** |
| **7** | List out any FOUR Economic Indicators that help in analyzing an Economy.  | **2 Marks** | **Remember** | **CO4** |
| **8** | State any two assumptions of Technical Analysis.  | **2 Marks** | **Remember** | **CO4** |
| **9** | Recall the classification of Markets as per Efficient Market Hypothesis.  | **2 Marks** | **Remember** | **CO5** |
| **10** | Recall the meaning of Duration of a Bond. | **2 Marks** | **Remember** | **CO5** |

**Part B**

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| **Answer ALL the Questions. Each question carries 7 marks. (5Q x 7M = 35M)** | **Bloom's Level**  | **CO** |
| **11** |  | The following are the data on five mutual funds and the risk-free rate is 6%. Rank these portfolios using Sharpe method and Treynor method.

|  |  |  |  |
| --- | --- | --- | --- |
| **Fund** | **Return** | **Standard Deviation** | **Beta**  |
| A | 15 | 7 | 1.25 |
| B | 18 | 10 | 0.75 |
| C | 14 | 5 | 1.40 |

 | **7 Marks** | **Understand** | **CO2** |
|  | **Or** |
| **12** |  | Kumar, a seasoned investor, is considering investing Rs. 400,000 in a promising tech startup that specializes in artificial intelligence solutions. The startup has a solid business plan, a talented team, and a potentially disruptive product. However, the tech industry is competitive, and startups are inherently risky. Before making the investment, John decides to calculate the risks involved before investing the fund. Assume you are the investment manager; how will you **explain** him about various risks associated with his investment decisions | **7 Marks** | **Understand** | **CO2** |

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| **13** |  | Calculate Per Period Return for the following data.

|  |  |  |  |
| --- | --- | --- | --- |
| **Period** | **Opening Price of Share** | **Closing Price of Share** | **Dividend** |
| 1 | 46 | 54 | 1.00 |
| 2 | 54 | 60 | 1.50 |
| 3 | 60 | 55 | 0.50 |
| 4 | 55 | 62 | 1.00 |

 | **7 Marks** | **Understand** | **CO3** |
|  | **Or** |
| **14** |  | * Long Term Liability (Debenture) – 20000
* Total Assets – 30000
* Total Liabilities – 30000
* Total Short-term liabilities – 2000

Calculate Debt Equity Ratio. Provide the Interpretation for the Results. | **7 Marks** | **Understand** | **CO3** |

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| **15** |  | You have been hired as a consultant to help Ram Ltd. to manage and grow its wealth. In this regard, **explain** the key steps involved in the investment process. | **7 Marks** | **Understand** | **CO4** |
|  | **Or** |
| **16** |  | Mr. X buys 2000 shares of ABC Ltd for Rs. 200/- per share. He later receives a dividend of Rs 8/- per share. He subsequently sells it for Rs 260/-. What is the H**olding Period Return** earned by Mr X on the Investment? | **7 Marks** | **Understand** | **CO4** |

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| **17** | **a** | Explain how you can interpret Beta of a Stock if it is 2.45; 0.75 and 1.00. | **7 Marks** | **Understand** | **CO5** |
|  | **Or** |
| **18** |  | Mr Umar has created a Two Asset Portfolio with 70% of money invested in Equity Mutual Funds with an expected return of 20% and Standard Deviation of 25% and 45% of money in Debt Mutual Funds with an expected return of 15% with a Standard Deviation of 10%. If the Correlation between Equity and Debt is 0.45, calculate for Mr Ganesh both Portfolio Returns and Portfolio Risk. | **7 Marks** | **Understand** | **CO5** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **19** |  | Consider a Rs. 2000 par value bond, carrying a coupon rate of 15 percent, and maturing after 5 years. The bond is currently selling for RS. 1100. •What is the YTM of the bond according to trial-and-error procedure?•What is the YTM of the bond according to approximation approach? | **7 Marks** | **Understand** | **CO5** |
|  | **Or** |
| **20** |  | 1. Explain the Components of Fundamental Analysis.
2. Differentiate between Technical Analysis and Fundamental Analysis.
 | **7 Marks** | **Understand** | **CO5** |

**Part C**

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| **Answer Any THREE Questions. Each question carries 15 marks. (3Q x 15M = 45M)** | **Bloom's Level**  | **CO** |

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| **21** | (a) Define Jensen’s Measure and explain its formula in detail, including the significance of its components.(b) Discuss how Jensen’s Measure can be used to evaluate the skill of a portfolio manager in generating excess returns.(c) A portfolio has an actual return of 15%, a beta of 1.1, a risk-free rate of 4%, and the market return is 12%. Calculate the Jensen’s Alpha for this portfolio and interpret the result.(d) Critically assess the limitations of Jensen’s Measure in evaluating portfolio performance. | **15 Marks** | **Apply** | **CO2** |
| **22** |

|  |  |  |
| --- | --- | --- |
|  | Stock A  | Stock B  |
| Returns % | 37% | 29% |
| Risk % | 15% | 8% |

* What is the expected return on portfolio made up of 70% of A and 30% of B.
* What is the standard deviation of the Portfolio AB, if correlation between Stock A and B is 0.40?
 | **15 Marks** | **Apply** | **CO3** |
| **23** | Mr Gugan has bought shares from ABC consultancy that has paid Rs 7 as dividend per share during the last financial year. He anticipates two situations a) 7% decline in the dividend or b) 7% growth in the dividend in the next year. His anticipated return is 20%.* Find the value for both a) & b) situations mentioned above.
 | **15 Marks** | **Apply** | **CO4** |
| **24** | **Case 1**: A corporate bond has the following details:* Face value: ₹1,000
* Annual coupon rate: 9% (paid annually)
* Remaining maturity: 6 years
* Current market price: ₹850

(a) Calculate Yield to Maturity (YTM) and explain its significance in coupon bond valuation. **Case 2:** A zero-coupon bond has the following details:* Face value: ₹1,000
* Remaining maturity: 6 years
* Current market price: ₹700

(b) Calculate the YTM for this bond using the above given data. Show all steps clearly.(c) Discuss how the YTM of a zero-coupon bond differs from that of a coupon bond in terms of interest rate risk and reinvestment risk.**Note: Both Cases Neet to attend** | **15 Marks** | **Apply** | **CO5** |