Roll No: | | | | | | | | | | | |

PRESIDENCY UNIVERSITY

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Bengaluru

Mid Term Examinations - October 2026

Date: 07/10/2026 **Time:** 02:00 PM - 03:30 PM

Course Code: BFI3001 **Course Name:** Security Analysis and Portfolio Management

Semester: Fifth Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2
Marks	46	44

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	Define the term "investment" from a general financial perspective.	2	CO1	BT1
2	State the meaning of liquidity in the context of investment.	2	CO1	BT1
3	What are mutual funds and ETFs? Mention one difference between them.	2	CO1	BT1
4	What is meant by diversification in the context of portfolio management?	2	CO2	BT1
5	Distinguish between systematic risk and unsystematic risk.	2	CO2	BT2

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
6	An investor wants to select a suitable investment from fixed deposits, shares and mutual funds. Apply the major attributes of investment to explain how the investor can make the choice.	10	CO1	BT3
7	Exemplify the four sequential stages of the investment process, discussing the critical activities executed in each stage.	10	CO1	BT2

PART C: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
8	Discuss the various investment avenues available to savers in India.	10	CO1	BT2
9	Differentiate among investment, speculation, and gambling across key parameters.	10	CO1	BT2

PART D: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
10	The following data relates to two securities, A and B: State of Economy | Probability | Return on A (%) | Return on B (%) Boom | 0.3 | 20 | 12 Normal | 0.5 | 12 | 8 Recession | 0.2 | 4 | 2 Compute the expected return and standard deviation of returns for both securities.	10	CO2	BT3

PTO (Please Turn Over)

<table>
<tr>
<td>11</td>
<td>The returns of two securities, X and Y, under different economic conditions are given below:
<table>
<tr><td>State of Economy</td><td>Probability</td><td>Return on X (%)</td><td>Return on Y (%)</td></tr>
<tr><td>Growth</td><td>0.4</td><td>18</td><td>10</td></tr>
<tr><td>Stable</td><td>0.4</td><td>10</td><td>6</td></tr>
<tr><td>Decline</td><td>0.2</td><td>2</td><td>4</td></tr>
</table>
Calculate the covariance and correlation coefficient between the returns of X and Y.</td>
<td>10</td>
<td>CO2</td>
<td>BT3</td>
</tr>
</table>

PART E: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
12	Explain the Capital Asset Pricing Model (CAPM). State its assumptions and describe how the Security Market Line is used to determine the required rate of return on a security.	10	CO2	BT2
13	Describe the concept of the efficient frontier. Explain how it helps an investor in selecting the optimal portfolio from the set of feasible portfolios.	10	CO2	BT2