

Roll No



**PRESIDENCY UNIVERSITY
BENGALURU**

**SCHOOL OF MANAGEMENT
MID TERM EXAMINATION - NOV 2023**

Semester : Semester V - 2021

Course Code : BBA3001

Course Name : Sem V - BBA3001 - Security Analysis and Portfolio Management

Program : BBA

Date : 3-NOV 2023

Time : 9:30AM -11:00AM

Max Marks : 50

Weightage : 25%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE QUESTIONS

(5 X 2 = 10M)

1. What is the meaning of portfolio?
(CO1) [Knowledge]
2. What is the difference between equity and a bond?
(CO1) [Knowledge]
3. What is the difference between systematic and unsystematic risk?
(CO1) [Knowledge]
4. Do equities have a coupon rate? Why?
(CO2) [Knowledge]
5. If ₹1000 is invested in bank for three years at 10% interest, what amount would be received after three years?
(CO2) [Knowledge]

PART B

ANSWER ALL THE QUESTIONS

(2 X 10 = 20M)

6. What do you understand by risk? Explain the different types of risk in investment.
(CO1) [Application]

7. Calculate the expected return and the standard deviation of returns for a stock having the following probability distribution of returns:

Possible returns (in percent)	Probability of occurrence
-25	0.05
-10	0.10
0	0.10
15	0.15
20	0.25
30	0.20
35	0.15

(CO1) [Application]

PART C

ANSWER THE FOLLOWING QUESTION

(1 X 20 = 20M)

8. How would you estimate the intrinsic value of a shares which are held for a period of one year? Illustrate.

Mr. Raju decided to buy 500 shares of an IT company with the intention of selling out at the end of five years. He estimated that the company will pay ₹3.50 per share as dividend for the first two years and ₹4.50 per share for the next three years. He further estimated that at the end of the five years holding period the shares could be sold for ₹85. What should he be willing to pay today for these shares if the required rate of return is 12 per cent?

(CO2) [Application]