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**Presidency University**

**Bengaluru**

 **SCHOOL OF COMMERCE**

**Summer Term End Term Examinations, August 2024**

**Winter Semester**: 2023 - 24

**Course Code**: BBA3001

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

**Program & Sem**: BCH & V

**Date**: 12-08-2024

**Time**: 9:30 AM -12:30 PM

**Max Marks**: 100

**Weightage**: 50%

 **Instructions:**

1. *Read the all questions carefully and answer accordingly.*
2. *Question paper consists of three parts.*
3. *Scientific and Non Programable Calculators are Permitted.*
4. *Do not write any information on the question paper other than roll number.*

**Part A**

**Answer any FIVE Questions. (5 Q x 2 M = 10 M)**

1. Do equities have a coupon rate? Why? (C.O.No.1) [Knowledge]

2. What is the difference between equity and a bond? (C.O.No.2) [Knowledge]

3. How ETFs are different from Mutual Funds? (C.O.No.3) [Knowledge]

4. What is the meaning of portfolio? (C.O.No.1) [Knowledge]

5. What do you understand by the term Mutual Fund? (C.O.No.3) [Knowledge]

6. Illustrate the need for portfolio evaluation. (C.O.No.5) [Knowledge]

7.Define Fundamental Analysis. (C.O.No.4) [Knowledge]

**Part B**

**Answer any FIVE Questions. (5 Q x 10 M = 50 M)**

8. A stock costing ₹220 pays no dividends. The possible prices at which the stock might sell at the end of the year and their respective probabilities are as follows:

|  |  |
| --- | --- |
| Price (₹) | Probability of occurrence |
| 215 | 0.1 |
| 220 | 0.1 |
| 225 | 0.2 |
| 230 | 0.3 |
| 235 | 0.2 |
| 240 | 0.1 |

Calculate the expected return. (C.O.No.1) [Comprehension]

1. Elucidate on Arbitrage Pricing Theory with an example. (C.O.No.5) [Comprehension]
2. Explain Capital Market Line and Securities Market Line. (C.O.No.4) [Comprehension]
3. Describe the following with appropriate examples:
4. P.E Ratio, b. EPS, c. ROE, d. ROCE. (C.O.No.3) [Comprehension]

12. Explain the chart patterns used by technical analysts to identify and predict future movement of prices in the stock market using suitable diagrams. (C.O.No.2) [Comprehension]

13. A client has three portfolio choices, each with the following characteristics:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Expected Return | Volatility | Beta |
| Portfolio A | 15% | 12% | 10% |
| Portfolio B | 18% | 14% | 11% |
| Portfolio C | 12% | 9% | 5% |

The efficient market portfolio has an expected return of 20% and a standard deviation of 12%, and the risk-free rate of interest is 5%.Calculate Sharpe Ratio. (C.O.No.5) [Comprehension]

14. A portfolio manager earned an average annual return of 12%. The beta of the portfolio is 0.9, and the volatility of returns is 25%. The average annual return for the market index was 14%, and the standard deviation of the market returns is 30%. The risk-free rate is 5%. Calculate the Treynor measure for the portfolio. (C.O.No.5) [Comprehension]

 **Part C**

**Answer any TWO Questions. (2 Q x 20 M = 40 M)**

15. Explain the chart patterns used by technical analysts to identify and predict future movement of prices in the stock market using suitable diagrams (C.O.No.2) [Application]

16. Calculate the 5-Day simple moving average of the following shares:

|  |  |  |
| --- | --- | --- |
| Day | Closing Price of Stock A (₹) | Closing Price of Stock B (₹) |
| 1 | 50 | 110 |
| 2 | 55 | 115 |
| 3 | 58 | 117 |
| 4 | 57 | 118 |
| 5 | 52 | 119 |
| 6 | 50 | 112 |
| 7 | 55 | 108 |
| 8 | 58 | 107 |
| 9 | 60 | 105 |
| 10 | 64 | 104 |

 (C.O.No.4) [Application]

17. Two portfolios have the following characteristics:

|  |  |  |
| --- | --- | --- |
| Portfolio | Return | Beta |
| A | 8% | 0.7 |
| B | 7% | 1.1 |

Given a market return of 10% and a risk-free rate of 4%,

Calculate Jensen’s Alpha for both portfolios and comment which portfolio has performed better.

 (C.O.No.5) [Application]