QP Code: R253D016 | Reg. No | | | | | | | | | | | AY - 24

Gandhi Institute of Engineering and Technology University, Odisha, Gunupur
(GIET UNIVERSITY)

M.B.A. (Third Semester) Regular Examinations, November – 2025

23MBAFN23021 – Security Analysis and Portfolio Management

(MBA- Finance)

Time: 3 hrs | Maximum: 60 Marks

(The figures in the right hand margin indicate marks.)

PART – A **(2 x 5 = 10 Marks)**

Q.1. Answer ***ALL*** questions

		CO #	Blooms Level
a.	What is investment? State its main objectives.	CO1	K1
b.	Distinguish between primary market and secondary market.	CO1	K2
c.	Define Efficient Market Hypothesis (EMH).	CO2	K2
d.	What is meant by bond duration?	CO4	K1
e.	Write short notes on Net Asset Value (NAV) in mutual funds.	CO5	K2

PART – B **(10 x 5 = 50 Marks)**

Answer ***all the*** questions

		Marks	CO #	Blooms Level
2. a.	Explain the structure of the Indian financial system and the role of stock markets in investment.	5	CO1	K1
b.	Discuss various investment alternatives available to investors in India.	5	CO1	K2
	OR			
c.	The XYZ Ltd., had the following annual returns over the past 5 years 12: Determine XYZ Ltd., average return and standard deviation of returns over the past 5 years13.	10	CO2	K4

Year	2014	2015	2016	2017	2018
Return (%)	10	-5	14	-6	20

3. a.	Explain the steps in the investment management process with examples.	6	CO1	K3
b.	What is fundamental analysis? Explain the steps involved in economic, industry, and company analysis.	4	CO2	K3
	OR			
c.	Given the data below on two companies A and B, calculate the expected return from companies and standard deviation as a risk measure of companies. Which is better for return and risk estimates?	10	CO2	K4

Outcome	Company A Return	Probability	Company B Return	Probability
1	6	0.3	8	0.2
2	10	0.5	14	0.5
3	12	0.2	18	0.3

4. a.	Explain the Single Index Model and how it simplifies portfolio selection.	5	CO3	K4
b.	Discuss the Arbitrage Pricing Theory (APT) and its applications in investment decisions.	5	CO3	K5
	OR			
c.	Explain the risk-return trade-off and its importance in portfolio construction.	6	CO3	K3
d.	Describe the equity valuation models used for determining intrinsic value.	4	CO1	K4
5. a.	Explain the concept of Yield to Maturity (YTM) and its computation.	6	CO4	K3

b.	What are bonds? Explain different types of bonds available in the Indian market.	4	CO4	K2
	OR			
c.	Discuss active and passive bond management strategies.	5	CO4	K4
d.	Explain bond duration and convexity and their role in bond price volatility.	5	CO4	K5
6. a.	Define mutual funds. Explain the types of mutual fund schemes in India.	5	CO5	K2
b.	Explain the concept, structure, and trading mechanism of Exchange Traded Funds (ETFs).	5	CO5	K4
	OR			
c.	**Case Study: Evaluating the Performance of a Mutual Fund**	10	CO4	K4

Background:

ABC Asset Management Company launched a balanced mutual fund scheme in 2020 — ABC Balanced Growth Fund. The fund invests 60% in equity and 40% in debt instruments. The fund manager, Mr. Rohan Sharma, follows a strategy of investing in blue-chip stocks for stability and high-rated bonds for steady income.

During FY 2024–25, the fund's performance details were as follows:

Particulars	Value
Fund's Average Return	15%
Market Index Return (Nifty 50)	12%
Risk-Free Rate (Treasury Bill)	6%
Standard Deviation of Fund	10%
Beta of Fund	1.2
Portfolio Value at Beginning	₹100 crore
Portfolio Value at End	₹115 crore

Despite reasonable returns, investors expressed mixed opinions — some were satisfied with the growth, while others felt the risk was too high compared to the market index. The AMC's research team now needs to evaluate whether the fund's performance truly justified the level of risk undertaken.

Questions:

1. Calculate the following performance measures for ABC Balanced Growth Fund:
   a) Sharpe Ratio
   b) Treynor Ratio
   c) Jensen's Alpha
2. Interpret the results obtained from the above calculations.
   - Did the fund outperform or underperform the market benchmark?
   - Was the return justified by the level of risk?
3. Discuss the importance of risk-adjusted performance measures in mutual fund evaluation.
4. Suggest suitable strategies for the fund manager to improve performance while maintaining optimal risk levels.
5. From an investor's perspective, what factors should be considered before choosing a mutual fund scheme like this?

End of Paper