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## GIET UNIVERSITY, GUNUPUR – 765022

M.B.A ( Third Semester – Regular) Examinations, December – 2020  
MB 301 B – SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: 2hrs

Maximum: 50 Marks

**The figures in the right hand margin indicate marks.**

### PART – I: (Multiple Choice Questions)

(1 x 10 =10 Marks)

#### Q. 1 Answer ALL questions

- a. Risk premium is calculated by
  - (i) Beta (Market Return+Risk free rate)
  - (ii)Beta (Market Return – Risk free rate)
  - (iii)Beta (Risk free rate multiplied by market return)
  - (iv)Beta (Market return divided by risk free rate)
- b. If an investor holding 6% Preference shares gets 8% dividend in a year, then the type of preference share held by the investor is
  - (i)Convertible preference share
  - (ii)Irredeemable Preference share
  - (iii)Cumulative preference share
  - (iv)Non convertible preference share
- c. The tool used for comparing the risk of 2 securities is
  - (i)Co-efficient of variation
  - (ii)Standard deviation
  - (iii)Probability distribution
  - (iv)None of the listed answers
- d. Which is not a component of default risk are
  - (i)Capital risk
  - (ii)Liquidity risk
  - (iii)Default risk
  - (iv)Political risk
- e. Expected return is calculated by
  - (i)Multiplying probable return and probability
  - (ii)Dividing probable return with probability
  - (iii)Adding probable return with probability
  - (iv)Collecting the information from the investors
- f. The tools of fundamental analysis are
  - (i)Candle stick model
  - (ii)Elliot's model
  - (iii)Charts
  - (iv)Analysis of the Industry
- g. Resistance level in technical analysis is the
  - (i)Lowest point
  - (ii)Highest point
  - (iii)Average of the lowest and highest points
  - (iv)None of the listed options
- h. This is an example of unsystematic risk
  - (i)Market risk
  - (ii)Business risk
  - (iii)Purchasing power risk
  - (iv)Interest rate risk
- i. Capital Asset Pricing model uses
  - (i)Risk free return
  - (ii)Standard deviation
  - (iii)Coefficient of variation
  - (iv)Technical analysis

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- j. In arriving at the value of a stock, the study of the economy is a part of
- (i) Technical Analysis (ii) Fundamental analysis
- (iii) Portfolio revision (iv) None of the listed options

**PART – II: (Short Answer Questions)****(2 x 5 = 10 Marks)**Q.2. Answer **ALL** questions

- a. What do you understand by the term ‘investment’?
- b. “When the risk is more, the return should also be more” – Do you agree? State the tool which may explain this concept clearly and provide its formula.
- c. List any four factors to be studied under Company analysis in Fundamental analysis.
- d. What is an ‘yield curve’?
- e. Elucidate the steps involved in portfolio management.

**PART – III: (Long Answer Questions)****(6 x 5 = 30 Marks)**Answer **ANY FIVE** from the following questions

3. Distinguish between the primary and secondary market.
4. What is risk free return? How can the risk free return be identified?
5. Explain the various types of triangular formations in technical analysis with appropriate diagrams.
6. Discuss any four tools used in financial statement analysis under fundamental analysis.
7. What is ‘resistance level’? What is its use? Draw a diagram to explain this.
8. Discuss the parameters to be considered in analysing the economy under fundamental analysis.
9. Discuss the Random walk theory and efficient market hypotheses in detail.
10. Discuss the constraints in setting of objectives of portfolios.

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