QP Code: RN21BBA057 | Reg. No | | | | | | | | | | | AR 21

GIET UNIVERSITY, GUNUPUR – 765022

B. B. A (Fifth Semester) Examinations, November – 2023

21BBAFN35004 – Security Analysis and Portfolio Management

Time: 3 hrs | Maximum: 60 Marks

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

PART – A **(2 x 10 = 20 Marks)**

Q.1. Answer ***ALL*** questions	CO #	Blooms Level
a. Write a short note on Business Risk.	CO1	K1
b. Write a short note on Money Market Instruments.	CO1	K1
c. Differentiate between Government Budget and Deficit.	CO2	K2
d. Write a short note on Zero-Coupon Bond Valuation.	CO2	K1
e. What are the various risks associated with investment?	CO3	K1
f. Write a short note on Capital market line.	CO3	K1
g. What is Price to Earnings Ratio?	CO4	K1
h. What is Price to Sales Ratio?	CO4	K1
i. How do you evaluate a stock using Sortino Ratio?	CO5	K5
j. How do you evaluate a stock using Jensen's Performance Index Ratio?	CO5	K5

PART – B **(8 x 5 = 40 Marks)**

Answer ***ALL*** the questions	Marks	CO #	Blooms Level
2. a. Explain the concept of risk-return relationship and mention various calculations to measure risk and return.	8	CO1	K4
(OR)			
b. Compare and contrast between systematic and unsystematic risk.	8	CO1	K2
3.a. (i) A person owns a ₹1000 face value bond with five years to maturity. The bond makes annual interest payments of ₹80. The bond is currently priced at ₹960. Given that the market interest rate is 10 per cent, should the investor hold or sell the bond? (ii) A company issues. a bond (corporate) will mature in 10 years. The bond having face value of ₹1000 at an 8% coupon Rate, paid semiannually, the price of the Bond is ₹1100. The Bonds are callable in 5 years at a call price of ₹1050. What is YTC?	8	CO2	K5
(OR)			
b. Explain the following: (i) Monetory policy instruments (ii) Types of inflation	8	CO2	K2
4.a. Briefly discuss about the concept of Efficient market hypothesis and mention various forms of EMH in detail.	8	CO3	K2
(OR)			
b. Stocks S1 and S2 have yielded the following returns (%) for the past two years.	8	CO3	K5

Years	S1	S2
2020	15	18
2021	20	16

i). What is the expected return on portfolio made up of 70% of S1 and 30% of S2?

ii). Find out the standard deviation of each stock.

iii). What is the covariance and coefficient of correlation between S1 and S2?

iv). What is the portfolio risk of a portfolio made up of 70% of S1 and 30% of S2?

5.a. (i) Arvind considers ₹1,000 par value bond bearing a coupon rate of 11% that matures after 5 years. He wants a minimum YTM of 15%. The bond is currently sold at ₹870. Should he buy the bond. 8 CO4 K5

(ii) A bond of ₹1,000 face value, bearing a coupon rate of 12% will mature after 7 years. What is the value of the bond, if the discount rates are 14% and 12%?

(OR)

b. Explain the following with calculation procedure: 8 CO4 K2

(i) YTM

(ii) YTC

6.a. The portfolio of a hedge fund had the following performance in returns for 2021 is as follows: 8 CO5 K5

January	= -1.0%	July	= 16.0%
February	= -4.0%	August	= 12.0%
March	= -8.0%	September	= 5.0%
April	= 10.0%	October	= 3.0%
May	= 20.0%	November	= -2.0%
June	= 25.0%	December	= -4.0%

Risk free rate is assumed to be 2.5%. Apply Sortino ratio.

(OR)

b. The following results were obtained from a studyfor a period of six months in 2023. 8 CO5 K5

Fund	Portfolio Return	σ_p	β
F1	35.56	4.00	0.23
F2	28.28	6.86	0.52
F3	36.56	4.31	0.63
F4	45.74	3.69	1.00
F5	37.46	3.75	0.38

Using the inputs, rank the funds according to the predictive ability of the fund's management.

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