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GIET UNIVERSITY, GUNUPUR - 765022
M. B. A (Third Semester) Regular Examinations, January - 2024
21MBAFM23002 - 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. Explain risk seekers, risk bearers and risk avoiders. | CO 1 | L2 |
| b. Find the difference between speculation and investment. | CO 1 | L1 |
| c. Define EIC analysis. | CO 2 | L1 |
| d. Find the driving forces of industry competition. | CO 2 | L2 |
| e. Explain various types of candlesticks. | CO 3 | L2 |
| f. Explain neck line with a suitable diagram. | CO 3 | L2 |
| g. Illustrate MVP with a suitable example. | CO 4 | L4 |
| h. What is stop loss? How could you find it in a candlestick pattern? | CO 4 | L1 |
| i. Define diversification. | CO 4 | L1 |
| j. What is portfolio selection? | CO 5 | L1 |

PART – B**(8 x 5 = 40 Marks)**Answer *ALL* questions

| | Marks | CO # | Blooms Level |
|---|-------|------|-----------------|
| 2. a. What is the meaning of risk? Explain the different types of systematic and unsystematic risk. | 8 | CO 1 | L1 |

(OR)

| | | | |
|---|---|-----|----|
| b. Monthly return data (in per cent) are presented below for ITC stock and BSE National Index for a 6 months' period. | 8 | CO1 | L3 |
|---|---|-----|----|

| <i>Month</i> | <i>ITC</i> | <i>BSE National Index</i> |
|--------------|------------|---------------------------|
| 1 | 9.43 | 7.41 |
| 2 | 0.00 | -5.33 |
| 3 | -4.31 | -7.35 |

| | | |
|---|--------|--------|
| 4 | -18.92 | -14.64 |
| 5 | -6.67 | 1.58 |
| 6 | 26.57 | 15.19 |

Calculate α of ITC stock.

- 3.a. What is industry analysis? Explain the concept of industry life cycle. Describe the different stages in the industry life cycle. 8 CO2 L1

(OR)

- b. What is technical analysis? Explain the basic principles and hypotheses of Dow Theory. 8 CO3 L2

- 4.a. "The Elliot Wave Theory is based on the principle that action is followed by reaction." Elucidate. 8 CO4 L2

(OR)

- b. Illustrate the following with a suitable diagram. 8 CO4 L3
- i) Piercing Signal
 - ii) Shooting star
 - iii) Spinning top
 - iv) Bearish Kicker

- 5.a. What is meant by optimal portfolio? How is it identified? 8 CO5 L1

(OR)

- b. A portfolio consists of 3 securities, 1, 2, and 3. The proportions of these securities are: $w_1 = 0.3$; $w_2 = 0.5$ and $w_3 = 0.2$. The standard deviations of returns on these securities are: $\sigma_1 = 6$, $\sigma_2 = 9$, and $\sigma_3 = 10$. The correlation coefficients among security returns are $\rho_{12} = 0.4$, $\rho_{13} = 0.6$, $\rho_{23} = 0.7$. What is the standard deviation of portfolio return? 8 CO5 L3

- 6.a. What is EMH? Explain it briefly. 8 CO3 L1

(OR)

- b. Discuss the Markowitz model of portfolio selection and also list the limitations of this model 8 CO5 L2

--- End of Paper ---