GANDHI INSTITUTE OF ENGINEERING AND TECHNOLOGY UNIVERSITY, ODISHA, GUNUPUR
(GIET UNIVERSITY)

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

23MBAFM23021 – Security Analysis and Portfolio Management

(MBA)

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.	Find the difference between speculation and investment.	CO1	K2
b.	Define support and resistance of price levels.	CO3	K2
c.	Explain two financial ratios that determine the strength and weakness of a company.	CO2	K3
d.	Define portfolio management.	CO4	K1
e.	Define Optimal Portfolio.	CO5	K2

PART – B   (10 x 5 = 50 Marks)

Answer *ALL* questions

	Marks	CO #	Blooms Level

2. a. A stock costing Rs 120 pays no dividends. The possible prices that the stock might sell for at the end of the year with the respective probabilities are: **10   CO1   K4**

Price (Rs)	Probabilty
115	0.1
120	0.1
125	0.2
130	0.3
135	0.2
140	0.1

i) Calculate the expected return.

ii) Calculate the standard deviation of returns.

(OR)

b. Security X and Y have the following characteristics.   **10   CO1   K3**

Security X		Security Y	
Return (%)	Probability	Return (%)	Probability
30	0.10	- 20	0.05
20	0.20	10	0.25
10	0.40	20	0.30
5	0.20	30	0.30
10	0.10	40	0.10

You are required to calculate the expected return and standard deviation of return for each security. Which security would you select for investment and why?

3.a.	Define company analysis. Explain how financial ratios can be used to determine the strengths and weaknesses of a company.	10 CO2 K2	

(OR)

b. Define fundamental analysis. Explain how it provides an analytical framework for rational investment decision-making.　　10　CO2　K1

4.a. Discuss the following candles with a suitable example.　　10　CO3　K4
   i)   Morning Star
   ii)   Bearish Engulfing
   iii)   Three bullish soldier
   iv)   Bearish Marubozu

(OR)

b. Write a brief note on single pattern candle sticks.　　5　CO3　K2

c. Explain the basic principles of Technical Analysis　　5　CO3　K2

5.a. Explain price charts. Describe the different types of price charts used by technical analysis.　　10　CO4　K1

(OR)

b. Explain the weak form of the efficient market hypothesis. Describe the empirical tests used for testing the weak form efficiency.　　10　CO4　K2

6.a. The variance-covariance matrix for three securities is given below:　　10　CO5　K3

Security	P	Q	R
P	108	-56	94
Q	-56	214	137
R	94	137	180

Calculate the standard deviation of a portfolio constructed with these three securities, the proportion of investment in each being

P(0.20)　　　　Q(0.50)　　　　R(0.30)

(OR)

b. "CAPM can be used to evaluate the pricing of securities." Discuss.　　10　CO5　K2

c. A security pays a dividend of Rs.3.85 and sells currently at Rs.83. The security is expected to sell at Rs.90 at the end of the year. The security has a beta of 1.15. The risk free rate is 5% and the expected return on the market index is 12%. Assess, if the security is mispriced.　　5　CO5　K2

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