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Register Number:

DATE:

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**BBA/BBASF – V SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November/December 2023)**

**BADEF5523: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**

**(For current batch students only)**

Time: 2 hrs Max Marks: 60

**This paper contains \_\_\_\_\_printed pages and four parts**

**Section A**

**I.** Answer ***any five*** of the following (**5x2 = 10 Marks)**

1. What is Investment?
2. Give the meaning of unsystematic risk?
3. Mention the types of systematic risk with example.
4. State any 4 classification of candlesticks chart.
5. List the trend lines in Dow Theory.
6. Give the meaning of security market line.

**Section B**

**II.** Answer ***any four*** of the following (**4x5 = 20 Marks)**

1. Distinguish between financial and economic investment with example.
2. Interpret on support and resistance level with chart.
3. Outline the steps involved in the traditional approach to portfolio construction.
4. From the following information calculate Jensen performance.

|  |  |  |  |
| --- | --- | --- | --- |
| Portfolio | Return | Beta | Standard Deviation |
| X | 8 | 1.6 | 20 |
| Y | 12 | .75 | 18 |
| Market return | | | 12% |
| Risk free interest rate | | | 4% |

1. Discuss the need for portfolio revision.

**Section C**

**III.** Answer ***any two*** of the following (**2x10 = 20 Marks)**

1. Using the provided data for Nifty Return and Vodafone Idea Limited, calculate the beta of Vodafone Idea Limited. Interpret the calculated beta value in terms of its sensitivity to market movements over the specified period.

|  |  |  |
| --- | --- | --- |
| **Date** | **Nifty Return** | **Vodafone Idea Limited** |
| Jul 03, 2023 | 19,332 | 90 |
| Jul 04, 2023 | 19,323 | 60 |
| Jul 05, 2023 | 19,389 | 70 |
| Jul 06, 2023 | 19,399 | 75 |
| Jul 07, 2024 | 19,497 | 80 |
| Jul 10, 2024 | 19,356 | 50 |

1. “An analysis of the macroeconomic environment is essential to understand the behaviour of stock price” – Elucidate.
2. A financial analyst is analysing 2 investment alternatives, stock X and stock Y. Stock X and Y had the following returns over the past 2 years:

|  |  |  |
| --- | --- | --- |
| **Year** | **Return** | |
| **X** | **Y** |
| 2020 | 17 | 21 |
| 2021 | 21 | 15 |

1. What is the expected return on a portfolio made up of 75% of X and 25% of Y? (2 marks)
2. Find out the standard deviation of each stock? (4 marks)
3. What is the covariance and coefficient of correlation between X and Y? (4 marks)

**Section D**

**IV. Answer the following (1x10=10 Marks)**

1. With the given details, evaluate, rank and discuss the performance of the different funds using Sharpe & Treynor model.

|  |  |  |  |
| --- | --- | --- | --- |
| **Portfolio** | **Return** | **Standard Deviation** | **Beta** |
| A | 15 | 12 | 0.98 |
| B | 13 | 14 | 0.97 |
| C | 14 | 11 | 1.17 |
| D | 18 | 16 | 1.22 |
| Risk free interest rate | 4% | | |