REV-01
MBA/78/85

2022/12

# MASTER OF BUSINESS ADMINISTRATION
## THIRD SEMESTER
## SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT
## MBA – 304C

**SET A**

**[USE OMR SHEET FOR OBJECTIVE PART]**

**Duration: 3 hrs.** **Full Marks: 70**

## Objective

**Time: 30 mins.** **Marks: 20**

***Choose the correct answer from the following:*** ***1×20=20***

1. Investment __________ can be defined as the existing investment vehicles in the market available for investor and the places for transactions with these investment vehicles.
   a. Banking b. Market
   c. Environment d. Analysis

2. Risk and Return are:
   a. Directly proportional b. Inversely proportional
   c. Not correlated d. Dependent on each other

3. The risk that exist in the market portfolio that cannot be eliminated by future diversification is
   a. Unsystematic risk b. Systematic risk
   c. Total risk d. None of the above

4. The last step in fundamental analysis is:
   a. Economic analysis b. Industry analysis
   c. Company analysis d. Technical analysis

5. ............ are long-term fixed income securities.
   a. Bonds b. Shares
   c. Debentures d. Both (A) & (C)

6. Mr. A has a perpetual bond of the face value of Rs. 1,000. He receives an interest of Rs. 60 annually. What would be its value if the required rate of return is 10%?
   a. Rs. 600 b. Rs. 700
   c. Rs. 800 d. None of the above

7. Mr. A has an irredeemable preference share of Rs. 1,000. He receives an annual dividend of Rs. 70 annually. What will be its value if the required rate of return is 10%?
   a. Rs. 600 b. Rs. 700
   c. Rs. 800 d. Rs. 900

8. In an efficient market the only way an investor can get higher returns is by taking on __________
   a. Moderate risk b. High risk
   c. Low risk d. No risk at all

9. The aim of portfolio management is to achieve the __________ return from a portfolio which has been delegated to be managed by an investment manager or financial institution.
   a. Maximum
   b. Minimum
   c. Lowest
   d. Only

10. Examining and identifying individual securities within a broad categories of financial assets is known as ________________
   a. Security analysis
   b. Security selection
   c. Asset allocation
   d. Fundamental analysis

11. The expected return on a portfolio is
   a. Arithmetic average of the return of the securities included in the portfolio
   b. Geometric mean of the return of the security included is the portfolio
   c. Weighted return of the security held in the portfolio
   d. Weighted risk of the security held in the portfolio

12. Diversification reduces
   a. Interest rate risk
   b. Market risk
   c. Unique risk
   d. Inflation risk

13. ..................is the process of comparing the return earned on a portfolio with the return earned on one or more other portfolios or on a benchmark portfolio.
   a. Portfolio construction
   b. Portfolio selection
   c. Portfolio revision
   d. Portfolio evaluation

14. ..................involves changing the existing mix of securities.
   a. Portfolio construction
   b. Portfolio evaluation
   c. Portfolio selection
   d. Portfolio revision

15. In the.....................of portfolio construction, portfolios are constructed to maximize the expected return for a given level of risk.
   a. traditional approach
   b. modern approach
   c. concurrent approach
   d. None of the above

16. ................is the process of adjusting the existing portfolio in accordance with the changes in financial markets and the investor's position so as to ensure maximum return from the portfolio with the minimum of risk.
   a. Portfolio construction
   b. Portfolio evaluation
   c. Portfolio selection
   d. Portfolio revision

17. Which of the following is not a financial derivative?
   a. Stock
   b. Futures
   c. Options
   d. Forward contracts

18. Which of the following statement is true?
   a. A forward is an over-the-counter agreement between two individuals.
   b. A future is an over-the-counter agreement between two individuals.
   c. An index is an over-the-counter agreement between two individuals.
   d. A commodity is an over-the-counter agreement between two individuals.

19. The asset for which there is an option to buy or sell is often called the ________ asset.
   a. Main
   b. Basic
   c. Underlying
   d. Complex

20. Forwards and futures are both contracts which involve the delivery of a specific asset at an agreed date in the future at a ________ price.
   a. Fixed
   b. High
   c. Low
   d. Market

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# Descriptive

Time : 2 Hr. 30 Mins. Marks : 50

[ Answer question no.1 & any four (4) from the rest ]

1. What are the different types of investment avenues? Highlights some of the advantages of investment. 7 + 3=10

2. Write a short notes on: 5+5=10
   a) Financial market
   b) Trading in securities

3. What are the types of risk that are involved in trading in securities? Elaborate the elements of fundamental analysis. 4+6=10

4. Calculate the expected return and the standard deviation of returns for a stock having the following probability distribution of returns. 10

| Possible returns (in %) | Probability of occurrence |
|---|---|
| -25 | 0.05 |
| -15 | 0.10 |
| 10 | 0.15 |
| 0 | 0.20 |
| 15 | 0.15 |
| 20 | 0.25 |
| 30 | 0.20 |
| 40 | 0.30 |

5. What is technical analysis? What are the various tools that help in technical analysis? 4+6=10

6. What is portfolio performance evaluation? What are the criteria for selecting portfolio? 4+6=10

7. Describe the role and functions of Security Exchange of India. Highlight some basic guidelines provided by SEBI for investment decision. 5+5=10

8. What is dematerialisation of securities? Describe the structure and functions of NSE. 4+3 +3=10

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