



DSEBB – 604

**VI Semester B.B.A. Examination, July/August 2024
(NEP) (Freshers)**

BUSINESS ADMINISTRATION

Security Analysis and Portfolio Management

Time : 2½ Hours

Max. Marks : 60

Instruction : Answers should be written in **English**.

SECTION – A

1. Answer **any five** of the following. **Each** question carries **two** marks. **(5×2=10)**
- a) Give the meaning of investment.
 - b) State the meaning of gambling.
 - c) What do you mean by diversification ?
 - d) State the meaning of company analysis.
 - e) What is earning per share ?
 - f) How do you define technical analysis ?
 - g) Mention the tools of portfolio selection.

SECTION – B

- Answer **any three** of the following. **Each** question carries **four** marks. **(3×4=12)**
- 2. Bring out the differences between gambling and speculation.
 - 3. Discuss the techniques of economic forecasting.
 - 4. Write a note on Dow theory.
 - 5. Consider the stock of Bharat Foods and the stock of Oriental Shipping. Based on the status of the economy, Bharat Foods stock could produce a return of 16%, 11% or 06%, with certain probability associated with each. Based on the status of the economy, the second stock, Oriental Shipping stock, which is more volatile, might achieve a return of 40%, 10% or – 20% with the same odds. The following exhibit shows the probability distributions of the returns for these two stocks :

P.T.O.



State of Economy	Probability of Occurrence	Rate of Return %	
		Bharat Food Shipping	Oriental
Prosperity	0.30	16	40
Normal	0.50	11	10
Recession	0.20	06	-20

Compute the expected rate of return using the probability distribution of the rate of return.

6. A portfolio consists of assets with the following expected returns :

	Expected Return (%)	Weight in Portfolio (%)
Real Estate	16	20
Low quality bonds	15	10
ABC stock	12	30
Savings account	5	40

What is the expected return on the portfolio ?

SECTION – C

Answer **any three** of the following. **Each** question carries **ten** marks. **(3×10=30)**

7. Describe the objectives and functions of SEBI.
8. Elucidate in brief the key characteristics in industry analysis.
9. Give the meaning of oscillators and write a note on :
 - a) Rate of Change Indicator (ROC)
 - b) Relative Strength Index (RSI).



10. Calculate the average return, the variance, covariance and the standard deviation for A and B.

Year	Return %	
	A	B
1	8	12
2	21	27
3	-27	-32
4	11	18
5	18	24

11. Shyam is having units in Kotak Mutual Fund for the past three years. He desires to evaluate the fund performance by comparing it to the market.

	Fund	Market
Return	68.3	52.8
Standard Deviation	37.2	19.84
Risk free rate	9	9
Beta	1.23	

Find out Sharpe and Treynors Indices.

SECTION – D

Answer **any one** of the following. **Each** question carries **8** marks.

(1×8=8)

12. Investment is a well-grounded and carefully planned speculation. In the light of this statement explain the difference between investment and speculation.
13. How do you calculate the risk of 'n' asset portfolio ? Explain with an example.
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