Program: T.Y.B.Com(MS) Semester: V Program Code: UGMS02

Course: Investment Analysis And Portfolio Management Course Code: NUMS502

Duration: 2 Hours Examination Pattern: NEP-Autonomous-External Max. Marks: 60

Instructions:

1. All questions are compulsory.
2. CO (Course Outcome), KL (Knowledge Level).

Examination:

REGULAR

Q. 1		Answer the following.					[15]	CO's	KL's
	(a)	Fill in the blanks with an appropriate answer from the alternatives given.					[08]	CO1 CO2 CO3 CO4	L1
		I	Under _____ a portfolio manager monitor and review scripts according to market condition.						
			a.	portfolio revision	b.	portfolio execution			
			c.	portfolio evaluation	d.	portfolio diversification			
		II	_____ calculates a required return based on a risk measurement.						
			a.	Capital Asset Pricing Model	b.	Capital Market Line			
			c.	Security Market Line	d.	Arbitrage Pricing Theory			
		III	The last step in the Portfolio Management process is _____.						
			a.	Identification of objectives	b.	Develop and implement strategies			
			c.	Portfolio Revision	d.	Portfolio Evaluation			
		IV	_____ refers to the risk which emerges out of controlled and known variables that are industry or security specific.						
			a.	unsystematic risk	b.	beta			
			c.	standard deviation	d.	systematic risk			
		V	An equity instrument that holds an absolute right to a Fixed Dividend parameter is a _____.						
			a.	Bond	b.	Equity share			
			c.	Preference share	d.	Public Deposit			
		VI	_____ of the following is an emerging investment avenue.						
			a.	REITS	b.	Equity Shares			
			c.	Debentures	d.	Commercial Paper			

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		VII	According to security market line, the expected return of any security is function of _____.						
			a.	Total risk	b.	systematic risk			
			c.	unsystematic risk	d.	diversifiable risk			
		VIII	_____ measures the amount of systematic risk a security has relative to the whole market.						
			a.	Variance	b.	Beta			
			c.	Range	d.	Standard Deviation			
	(b)	**State whether the following statements are true or false.**					**[07]**	**CO's**	**KL's**
		I	Market Risk is also called non-diversifiable and systematic risk.					**CO1 CO3 CO4**	**L1**
		II	Liquidity refers to an investment being ready to convert into a cash position.						
		III	Jensen's Measure of portfolio performance is based on the CAPM.						
		IV	Under Performance Evaluation, a portfolio manager assesses the performance of the portfolio over a period of time.						
		V	Interest Rate Risk applies to debt investments.						
		VI	A Line Chart is one of the charts used by an analyst on graph or logarithmic paper.						
		VII	Technical Analysis reflects the idea that stock prices move in trends.						
Q. 2		**Attempt any ONE of the following.**					**[15]**	**CO's**	**KL's**
	(a)	The following information is available regarding P Ltd. and Q Ltd. under different economic conditions:						**CO3**	**L5**

Economic Condition	Probability	P Ltd. Return (%)	Q Ltd. Return (%)
Boom	0.30	30	40
Normal	0.40	18	20
Recession	0.30	-6	-12

Required:

a) Expected Return of P Ltd.
b) Expected Return of Q Ltd.
c) Standard Deviation of P Ltd.
d) Standard Deviation of Q Ltd.
e) Which security is more risky?
f) Which security would you recommend to a risk-averse investor? Give reasons.

OR

	(b)	An investor proposes to invest ₹6,00,000 in A Ltd. and ₹4,00,000 in B Ltd. The following information is available: Particulars | A Ltd. | B Ltd. Expected Return | 14% | 10% Standard Deviation | 12% | 8% The correlation coefficient between the returns of A Ltd. and B Ltd. is 0.25. **Required:** a) Weight of A Ltd. and B Ltd. in the portfolio b) Expected Portfolio Return c) Portfolio Variance d) Portfolio Standard Deviation e) Comment on the benefit of diversification.		**CO3**	**L5**
Q. 3		**Attempt any ONE of the following.**	**[15]**	**CO's**	**KL's**
	(a)	Mrs. Sharma (Age 45) has ₹12,00,000 available for investment. Objectives: • Child's education after 8 years • Moderate risk • Need for liquidity • Capital appreciation Available investment alternatives: **Avenue** | **Expected Return** Fixed Deposit | 7% REIT | 9% ETF | 12% Sovereign Gold Bond | 8% **Required:** a) Recommend a suitable portfolio allocation. b) Calculate expected annual income. c) Calculate overall portfolio return percentage. d) Explain how behavioral biases may affect her investment decisions. e) Suggest strategies to avoid such biases.		**CO1** **CO4**	**L5**
		OR			
	(b)	The following are the closing prices of ABC Ltd. for 7 consecutive trading days: **Day** | **Closing Price (₹)** Monday | 120 Tuesday | 124 Wednesday | 128 Thursday | 126 Friday | 130 Saturday | 134 Monday | 138		**CO4**	**L4**

Required:

1. Calculate the 3-day Moving Average for the above data.
2. Identify the trend in the share price based on the calculated moving averages.
3. State whether the trend indicates a bullish or bearish movement.

Q. 4		**Attempt any ONE of the following.**	[15]	CO's	KL's
	(a)	The following information is available in respect of three portfolios:		CO4	L5

Particulars	Portfolio A	Portfolio B	Portfolio C
Average Return (Rp)	15%	18%	16%
Standard Deviation (σp)	10%	15%	8%
Beta (β)	1.00	1.20	0.80
Risk-free Rate (Rf)	6%	6%	6%

The average market return is 14%.

Required:

1. Sharpe Ratio
2. Treynor Ratio
3. Jensen's Differential Return
4. Rank the portfolios under each method.
5. Identify the best-performing portfolio.

		OR		CO1	L2
	(b)	**Short Notes: (Any 3)**		CO3	
		i Investment Process		CO4	
		ii Systematic and Unsystematic Risk			
		iii Portfolio Management Process			
		iv Efficient Market Hypothesis			
		v Standard Deviation			

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