Program/Sem:	**T.Y.B.M.S – Sem - V**	**Course:**	**INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT**
Program Code:	**2M00155**	**Course Code:**	**46003**
Duration:	**2 ½ Hour**	**Max. Marks:**	**75**

0 6 NOV 2025

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Draw neat diagrams wherever necessary.

Q. 1 Attempt the following.

A. Fill in the blanks with an appropriate answer from the alternatives given.(Any 8) **[08]**

i). Depositories help investors hold securities in ______ form.

(a) Crude (b) Electronic

(c) Physical (d) Offline

ii). Standard deviation of a portfolio consisting of securities with perfect positive correlation will be equal to ______ of standard deviation of securities in the portfolio.

(a) Simple mean (b) Weighted mean

(c) Median (d) Mode

iii). All other things remaining same, diversification is most effective when securities returns are ______.

(a) Positively correlated (b) Uncorrelated

(c) High (d) Negatively correlated

iv). Income statements are thoroughly analyzed under _____ analysis.

(a) Economy (b) Industry

(c) Company (d) Technical

v). Current ratio is a ______ ratio.

(a) Activity (b) Solvency

(c) Profitability (d) Liquidity

vi). Debt equity ratio is ______ the better.

(a) Higher (b) Lower

(c) Profitability (d) Liquidity

vii). According to the Dow theory, daily fluctuations and secondary movements in the stock market are used to identify the ___ trend.

(a) Short term (b) Long term

(c) Primary (d) Seasonal

viii) The risk that cannot be avoided even by the most diversified portfolio is known as _____ risk.

(a) Company specific (b) Unsystematic

(c) Unique (d) Systematic

ix). Beta reflects the stock risk for investor which is usually _____.

(a) Collective (b) Individual

(c) Liner (d) Weighted

x). Jensen's measure provides ______ of a security.

(a) Beta (b) Alpha

(c) Gamma (d) Theta

B. True or False: (Any 7) **[07]**

i). Back end load is used while calculating public offer price.

ii). As per capital asset pricing model, market beta is always zero.

iii). According to dow theory tertiary trends are long term movement of prices.

iv). Capital markets mainly deal in long term fund needs.

v). Probability can be negative.

vi). Larger expected portfolio returns come only with larger portfolio risk.

vii). Repayment of debt will have no effect on return on capital employed.

viii) A falling wedge is a bearish indicator.

ix). Market are said to be efficient when security prices react quickly to new information.

x). Ratio analysis is futuristic in nature.

Q. 2 **Attempt either A or B.** **[15]**

A. a) The following is the information of stock A and Stock B under the possible states of nature: **[08]**

State of nature	Probability	Return A %	Return B %
1	0.10	5	0
2	0.30	10	8
3	0.50	15	18
4	0.10	20	26

Calculate expected return and standard deviation of **both the** stocks and advice which stock an investor would prefer?

b) From the following information calculate the Beta **[07]**

Year	Return on security %	Return on market %
1	11	12
2	14	10
3	18	10
4	10	15
5	8	12
6	11	14
7	18	15
8	12	20
9	20	22
10	10	10

OR

B. c) Define investment. State the process of investment. **[08]**

d) Difference between speculation and gambling. **[07]**

Q. 3 **Attempt either A or B.**

A. Following balance sheet and profit and loss account of M/s Ideal enterprises are given below: **[15]**

Balance sheet as on 31-03-2025

Liabilities	Rs.	Assets	Rs.
Equity share capital		Fixed assets	7,36,000
(Rs.100 each)	3,20,000	Trade investment	24,000
10% Preference share capital		Stocks	1,44,000
	80,000	Debtors	56,000
General reserve	2,40,000	Bills receivable	32,000
8% Debentures	2,40,000	Cash and Bank balance	8,000

Sundry Creditors Other Current liabilities	70,000 50,000		
	10,00,000		10,00,000

Profit and loss account for the year Ending 31-03-2025

Particulars	Rs.	Particulars	Rs.
To opening stock	96,000	By sales	15,84,000
To purchases	3,20,000	By closing stock	1,44,000
To wages	4,00,000		
To manufacturing expenses	2,40,000		
To administration expenses	2,72,000		
To selling expenses	2,40,000		
To net profit	1,60,000		
	17,28,000		17,28,000

Calculate:

1. Current ratio
2. EPS
3. Quick ratio
4. Gross profit ratio
5. Stock-turnover ratio

OR

B. a) Explain the factors influencing selection of investment alternatives. **[08]**

b) Explain the types of investors **[07]**

Q. 4 A. Attempt either A or B.

a) Calculate Sharpe measure and Treynor measure from the following information and rank them. **[08]**

Portfolio Return (%)	Standard deviation	Beta	
A	12	18	1.1
B	10	15	0.9
C	12	20	1.2
D	11	17	1

Risk free rate of return is 6%.

b) The actual result of the portfolios and the market index are given below: [07]

Portfolio	Return (%)	Beta
Birla	15	1.2
Kotak	16	1.5
Reliance	12	0.8
Market	13	1

Risk free rate of return is 9%. Calculate return as per Jensen's measure and rank them.

OR

B. b) Explain portfolio strategy mix. **[08]**

c) Distinguish between systematic and unsystematic risk. **[07]**

Q. 5 **Attempt either (A and B) or C.**

A. Explain online share trading. State its advantages. **[08]**

B. Distinguish between fundamental and technical analysis. **[07]**

OR

C. **Short Note: (Any 3) (5 marks each)** **[15]**

a) Non marketable financial assets

b) Depositories of India

c) SML and CML

d) Primary market

e) Sensex and Nifty

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