



BIJU PATNAIK INSTITUTE OF IT & MANAGEMENT STUDIES

3rd SEMESTER (BATCH 2018-20)

CLASS TEST - I

Security & Portfolio Management (18MBA-301B)

Total Marks : 15

Time: 1 Hour

Answer all the questions. (1 X 5)

1. What is the economic and financial meaning of the term 'investment'?
2. What is the dominance principle of investing?
3. What is systematic risk?
4. What are the components of total return?
5. What is beta?

Answer any two of the followings: (2 X 2.5)

1. Is investment different from speculation? Explain.
2. What are various sources available as Alternative investment for investors?
3. What is risk? What is the measure of risk?

Answer any one of the followings. (1 X 5)

1. What are the key economic indicators used to identify the favourable conditions for investing in the Indian securities market?
2. Kumar holds a two stock portfolio. Stock ABC has a standard deviation of return of 0.6 and stock XYZ has a standard deviation of return of 0.4. Kumar holds equal amounts of each stock. Compute the portfolio standard deviation for the two stocks. What would be the risk if Kumar holds:
 - a) 60% of ABC and 40% of XYZ
 - b) 70% of ABC and 30% of XYZ. Which composition is best suited to investment based on the risk level?

Security & Portfolio Management (MBA-304B)

Total Marks : 15

Time: 1 Hour

Q.No.1. Answer all questions

[5 x 1]

- i) Who are the rational investors during investment ?
- ii) Describe the term security from investment point of view.
- iii) What is the total number of estimates used in Markowitz model ?
- iv) Is there any difference between bond & debenture, explain.
- v) How to find beta using regression model as well as co-variance ?

Q.No.2. Answer any two

[2 x 2.5]

- i) Explain Markowitz function with efficient frontier.
- ii) Define the term investment and its characteristics.
- iii) Write the difference between
 - a) Investment & Speculation.
 - b) Investment and Gambling.

Q.No.3. Answer any one of the following :

[1 X 5]

a) The following table shows the returns of security X and Y in the portfolio.

Find :

- i) Co-variance
- ii) Correlation co-efficient
- iii) Portfolio return
- iv) Portfolio risk

<u>Year</u>	<u>Return (X) (%)</u>	<u>Return (Y) (%)</u>
2010	40	-10
2011	-10	40
2012	35	05
2013	-5	35
2014	15	15

b) A stock costing Rs.250/- pays no dividends. The possible prices that the stock might sell for at the end of the year and the probability of each are

<u>Possible prices (Rs.)</u>	<u>Probability</u>
200	0.10
230	0.25
250	0.35
280	0.20
310	0.10

- (i) What is the expected return ?
- (ii) What is the standard deviation of the returns ?

Security & Portfolio Management (MBA-304B)

Total Marks : 15

Time: 1 Hour

(Answer as per the instruction given in each question)

I. Answer all the following questions :

[1 x 5 = 5]

1. Capital asset pricing model accounts for:
 - a) Unsystematic risk b) Systematic risk
 - c) Both a and b d) None of the above
2. There is no difference between the capital market line and security market line as both the terms are same. **[True/False]**
3. Risk of two securities with different expected return can be compared with:
 - a) Coefficient of variation b) Standard deviation of securities
 - c) Variance of Securities d) None of the above
4. Efficient frontier comprises of
 - a) Portfolios that have negatively correlated securities
 - b) Portfolios that have positively correlated securities
 - c) Inefficient portfolios
 - d) Efficient portfolios
5. Total risk is the combination of systematic risk +

II. Answer any two of the following :

[2.5 x 2 = 5]

6. Distinguish between investment and speculation
7. There is a trade-off between risk and return. Explain this statement
8. Explain the concept of systematic risk

III. Answer any one of the following :

[5 x 1 = 5]

9. What is investment? What are the factors to be kept in mind while deciding the investment?
10. Calculate the expected return and risk from the figure given below :

Possible returns(in percent) Xi	Probability of occurrence P(Xi)
30	0.10
40	0.30
50	0.40
60	0.10
70	0.10



BIJU PATNAIK INSTITUTE OF IT & MANAGEMENT STUDIES

3rd SEMESTER (BATCH 2015-17)

CLASS TEST - I

Security & Portfolio Management (MBA-304B)

Total Marks : 15

Time: 1 Hour

(Answer as per the instruction given in each question)

1. Answer all the following questions.

[1 x 5 = 5]

- a) What is financial security?
- b) What do you mean by security analysis?
- c) What is systematic risk?
- d) What do you mean by risk premium?
- e) What are aggressive stocks?

2. Answer any two of the following

[2.5 x 2 = 5]

- a) What is the difference between Investment and Gambling?
- b) What is single index model? Write down the model and explain.
- c) Calculate Expected return from the following:

Returns:	10%	12%	-5%	14%	3%	20%
Probability:	0.22	0.25	0.12	0.17	0.18	0.06

3. Answer any one of the following

[5 x 1 = 5]

- a) Calculate the risk and return of the following portfolio:

Security	Return (%)	Proportion of investment	Variances (σ^2)
A	12	0.2	52
B	17	0.3	38
C	23	0.5	45

Covariance: A,B = 63; A,C = 36; B,C = 74

- b) Define risk? What are the different types and sources of risk?



BIJU PATNAIK INSTITUTE OF IT & MANAGEMENT STUDIES

3rd SEMESTER (BATCH 2014-16)

CLASS TEST - I

Security & Portfolio Management (MBA-306B)

Total Marks : 15

Time: 1 Hour

(Answer as per the instruction given in each question)

I. Answer all the questions : [0.5 x 10=5]

- a) What is financial security?
- b) What do you mean by private placement?
- c) What is 'Bear raid'?
- d) How do you define risk?
- e) What do you mean by 'Lame duck'?

II. Answer any two questions : [2.5x2=5]

- a) What is the difference between Investment and Gambling?
- b) What are different methods of floating a new issue (IPO)?
- c) Write a short note on stock exchanges in India.

III. Answer any one questions : [5x1 = 5]

- a) Write down about the different types of speculators in India?
- c) Calculate Expected return from the following:
Returns: 10% 12% -5% 14% 3% 20%
Probability: 0.22 0.25 0.12 0.17 0.18 0.06