

Internal Assessment Test - I

Sub:	Security Analysis and Portfolio Management							Code:	22MBAFM304
Date:	06-03-2025	Duration:	1.30 Hr	Max Marks:	50	Sem:	III	Branch:	MBA
SET- I									

SET- I

		Marks	OBE													
			CO	RBT												
Part A - Answer Any Two Full Questions (2* 20 = 40 marks)																
1 (a)	Recall the term Speculation.	[03]	CO1	L1												
(b)	Summarize the Investment in detail.	[07]	CO1	L2												
(c)	Calculate the returns on security A and B are given below.	[10]	CO2	L3												
<table><tr><th>Probability</th><th>Security A</th><th>Security B</th></tr><tr><td>0.1</td><td>0</td><td>3</td></tr><tr><td>0.4</td><td>2</td><td>3</td></tr><tr><td>0.5</td><td>4</td><td>0</td></tr></table>		Probability	Security A	Security B	0.1	0	3	0.4	2	3	0.5	4	0			
Probability	Security A	Security B														
0.1	0	3														
0.4	2	3														
0.5	4	0														
Give the security of your preference. The security has to be selected on the basis of return and risk.																
2 (a)	Describe the different types of Preference Stocks.	[03]	CO1	L1												
(b)	Discuss the types of Risks in detail.	[07]	CO2	L2												
(c)	Solve the case.	[10]	CO2	L3												
Prem is considering the purchase of a bond currently selling at ₹878.50. The bond has four years to maturity, with a face value of ₹1000 and 8 per cent coupon rate. The next annual interest payment is due after one year. The required rate of return is 10 per cent.																
a. Calculate the intrinsic value (present value) of the bond. Should Prem buy the bond?																
b. Calculate the yield to maturity of the bond.																
3 (a)	Describe the term Bonus Shares.	[03]	CO1	L1												
(b)	Explain the Investment process in detail.	[07]	CO1	L2												
(c)	Outline the case given below.	[10]	CO2	L4												
Anup wants to purchase the stock of Company A and B. He estimates the return and probabilities of returns by analyzing the past records. With the details given below, find out the expected return.																
<table><tr><th colspan="2">Returns</th><th>Probability</th></tr><tr><th>A</th><th>B</th><th></th></tr><tr><td>8%</td><td>-2%</td><td>0.15</td></tr></table>			Returns		Probability	A	B		8%	-2%	0.15					
Returns		Probability														
A	B															
8%	-2%	0.15														

10%	6%	0.20
12%	10%	0.30
13%	15%	0.2
14%	20%	0.15

Part B - Compulsory (01*10=10 marks) – CASE STUDY

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Derive the following data give the market return and the Sun Company scrip's return for a particular period.

[10]

Index return (R_m)	Scrip Return (R_i)
0.50	0.30
0.60	0.60
0.50	0.40
0.60	0.50
0.80	0.60
0.50	0.30
0.80	0.70
0.40	0.50
0.70	0.60

- (a) What is the beta value of the Sun Company scrip?
(b) If the market return is 2, what would be the scrip return?

CO2 L5

Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4
CO1:	Understand the capital market and various Instruments for Investment.	1a, 1b, 2a,				3a, 3b,	1a, 1b, 2a, 3a, 3b,			
CO2:	Assess the risk and return associated with investments and methods to value securities.			1c, 2b, 2c, 3c, 4				1c, 2b, 2c, 3c, 4		
CO3:	Analyze the Economy, Industry and Company framework for Investment.									
CO4:	Learn the theories of Portfolio management and also the tools and techniques for efficient portfolio management.									

Cognitive level	KEYWORDS
L1 - Remember	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2 - Understand	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss

L3 - Apply	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4 - Analyze	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5 - Evaluate	asses, decide, choose, rank, grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6 - Create	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data-based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;
PSO1- Comprehend Contemporary features of Business Management Science and its administration
PSO2- Analyze and interpret the dynamic situations for making Business Management strategies
PSO3- Handle responsibility with the ethical values for all actions undertaken by them
PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.

CI

CCI

HOD

SCHEME OF EVALUATION
Internal Assessment Test 1- MARCH 2025

Sub: SECURITY ANALYSIS 3 P.M
Date: 06-03-25 Duration: 90mins Max Marks: 50 Sem: III


Code: 22MBAFM 304
Branch: MBA

Note: Part A - Answer Any Two Full Questions (20*02=40 Marks)

Part B - Compulsory (01*10= 10marks)

Part	Question #	Description	Marks Distribution	Max Marks
A	1	a) Speculation Taking business risks with the anticipation of acquiring short term gain.	3 m for meaning	20 M
		b) Investment → Employment of funds → Economic term → financial → individuals saving flow → capital market → money market	3 m for points 4 m for ex p'l.	
		c) Return & Risk (σ^2) A - 2.8 1.33 1.76 B - 1.5 1.5 2.25 A is preferable.	3m - return 3m - σ 4m - compar	

2	a)	<p>Types of pref. shares</p> <ul style="list-style-type: none"> ✓ cum. pref. shares ✓ non cum pref. shares ✓ convertible pref. shares ✓ Redeemable - " - - - ✓ nonredeemable - " - - - 	3 m for points.	3	20 M
	b)	<p>Types of risks:</p> <ul style="list-style-type: none"> ✓ Systematic risks <ul style="list-style-type: none"> → Mkt risk → Int rate risk → Purchasing power risk ✓ Unsystematic risks <ul style="list-style-type: none"> → Business risk → Financial risk 	3 m for points & 4 m for exptl.	7	
	c)	<p>$P_0 = Rs. 936.592$</p> <p>$P_0 = 45m = 878.48$ $\hookrightarrow 12\%$</p>		10	

3	a)	Bonus shares Dist. of shares in addition to the cash dividend, to the existing share- holders are known as bonus shares	3 m for Expt'l.	3	20 M
	b)	Investment process ✓ Investment policy ✓ Security Analysis ✓ Valuation ✓ Portfolio construction ✓ Portfolio Evaluation	3 m for points & 4 m for Expt'l.	7	
	c)	Energy Drive = 24.8% Speedy = 134.4% Safe motor = 26.7% Speedy Stock - Fullfills		10	

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B	4	a)	^{ay} Beta value $R_i = 0.05 + 0.75 R_m$ Beta value = 0.75 ^{b)} $R_i = 1.55$		10	10 M
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