Seat No. /Enrollment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA-SEMESTER-III-EXAMINATION-SUMMER-2025

Subject Code: 1539503 Date: 02/06/2025
Subject Name: Security Analysis and Portfoilio Management
Time: 02:30 PM TO 05:30 PM Total Marks: 70

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**
4. **Use of simple calculators and non-programmable scientific calculators are permitted.**

Q. No.		Explanation the following terms:	Marks
Q.1		a) Investment b) Speculation c) Portfolio revision d) Portfolio Execution e) Bonds f) Risk g) Technical Analysis	**14**
Q.2	**(a)**	Fundamental Analysis is in-depth economic analysis. Critically evaluate	**07**
	(b)	Differentiate between Investment, Speculation and Gambling?	**07**
		OR	
	(b)	What do you mean by Efficient Market Hypothesis, Also Explain the forms of Market efficiency?	**07**
Q.3	**(a)**	Technical Analysis believes that history repeats itself. Share your views in light of the statement using tools of the same.	**07**
	(b)	During the past five years the return of a stock were as follows: Find the Cumulative wealth index, Arithmetic Mean, Geometric Mean	**07**

Year	Return
1	0.07
2	0.03
3	-0.09
4	0.06
5	0.10

OR

Q.3	**(a)**	Explain Dow Theory and trends associated with the theory in details	**07**

(b) **07**

Calculate the return and risk associated

State of the economy	Probability of Occurrence	Return in %
Boom	0.4	25
Normal	0.3	12
Recession	0.3	-6

Q.4 **(a)** Explain in detail Capital Market Theory: CML, SML, Capital Asset Pricing Model **07**

(b) Consider two stocks, P and Q **07**

	Expected Return	Standard deviation
Stock P	16%	25%
Stock Q	18%	30%

The returns on the two stocks are perfectly negatively correlated.

What is the expected return of a portfolio constructed to drive the standard deviation of portfolio return to zero?

OR

Q.4 **(a)** Explain in detail Bond Management Strategies, Analysis of Bonds **07**

(b) A portfolio consists of 3 securities, 1, 2, and 3. The proportions of these securities are: $W_1 = 0.3$, $W_2 = 0.5$ and w3 = 0.2. The standard deviations of returns on these securities (in percentage terms) are: $_1 = 6$, $02_2 = 9$, and $o_2 = 10$. The correlation coefficients among security returns are P12 = 0.4, P13=0.6, P23= 0.7. What is the standard deviation of portfolio Return? **07**

Q.5 The returns of two assets under four possible states of nature are given below:

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

(a) What is the standard deviation of the return on asset 1? **07**

(b) What is the covariance between the returns on assets 1 and 2? **07**

OR

Q.5 (a) What is the coefficient of correlation between the returns on assets 1 and 2? **07**

(b) What is the standard deviation of the return on asset 2? **07**

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