

**S. S. Jain**  
**Subodh Management Institute**

**MBA III Semester**

**M-310**

**Security Analysis &  
Portfolio Management**

**Sample Questions**

**Part A: Short answer question (up to 25 words)**

**Part B: Analytical/ problem Solving questions**

**Part C: Descriptive/ Analytical/ Problem Solving/  
Case questions.**

**PART A**  
**UNIT I**

Question 1 Explain concept of investment.

Question 2 Explain characteristics of investment.

Question 3 Explain non diversifiable risk.

Question 4 Explain systematic risk.

**UNIT II**

Question 5 Define primary market.

Question 6 Define concept of underwriting.

Question 7 Define secondary market.

Question 8 Define the term Sensex.

Question 9 What is an index.

Question 10 Define BSE Sensex.

Question 11 Define BSE midcap index.

Question 12 Write some objectives followed by BSE to list a security.

Question 13 Explain the classification equity shares.

Question 14 Write short notes on:

- Blue chip shares
- growth shares
- income shares
- cycle shares
- defensive shares
- speculative shares

### **UNIT III**

Question 15 Explain risks return relationship.

Question 16 Classify the investors according to risk aversion.

Question 17 Differentiate between risk and risk premium.

### **UNIT IV**

Question 18 What is the significance of Beta in an investor's portfolio? Explain.

Question 19 Compare the Markowitz model and Sharpe's single index model .

Question 20 Distinguish between modern and traditional portfolio analysis.

Question 21 What are the modern theories of analysis?

Question 22 Write the assumption and key points of Markowitz model.

### **Unit V**

Question 23 Give the formula for valuation of redeemable Bond.

Question 24 How is value of Bond determined?

### **Unit VI**

Question 25 What is meant by valuation of securities?

Question 26 Give the formula for valuation of a equity share.

Question 27 Name the various approaches to valuation.

### **UNIT VII**

Question 28 Explain E IC analysis

Question 29 What is top down approach

### **UNIT VIII**

Question 30 What do you mean by candlestick charts?

Question 31 Explain DOW theory .

Question 32 Explain the Elliott wave theory.

## **PART B**

### **UNIT I**

Question1 Explain commonly used measures of risk in finance.

Question2 Explain need and importance of investment.

Question3 Describe investment objectives.

Question4 Describe various features of investment alternatives.

Question 5 Identify constraints of investment.

Question 6 Differentiate between investor and speculator.

### **UNIT II**

Question 7 Explain special features of primary market.

Question 8 Explain various ways in which a company may raise equity capital in the primary market.

Question 9 Explain various features of secondary market.

Question 10 Write difference between equity share and preference share.

Question 11 Describe classification of preference share.

Question 12 Describe classification of debentures.

Question 13 Explain the difference between equity shares and debentures.

Question 14 Distinguish between:

- Primary market and secondary market capital market and money market
- Gambling v/s speculation

Question 15 Discuss various avenues of investment and evaluate the merits and demerits of financial asset from the point of view of investors

Question 16 Define investments how it is different from savings. write the various objective of investment.

Questions 17 What do you mean by investment .explain the different investment avenues.



### UNIT III

Question 18 What are different component of return? Can there be a negative component?

Question 19 What is meant by risk? How is it different from uncertainty? What are different sources of risk?

Question 20 How the return of an investment be measured? Explain with an example.

### UNIT IV

Question 21 Do you think that the effect of a combination of securities can bring about a balanced portfolio? Discuss.

Question 22 What is meant by portfolio management? Write the steps of formulating the portfolio strategy.

Question 23 What are the modern theories of analysis? Write the assumption and key points of Markowitz model.

Question 25 What do you mean by feasible set of portfolios ?explain this in light of the Markowitz model along with the limitations of model.

Question 26 Do you think that the effect of a combination of securities can bring about a balanced portfolio? Discuss.

Question 27 What is meant by portfolio management? Write the steps of formulating the portfolio strategy. Illustrate your answer with suitable examples.

Question 28 Explain how the efficient Frontier is determined using Markowitz approach? used a two security approach.

## **UNIT V**

Question 29 A rupees 5000 Bond with a 10% coupon rate matures in 8 years and currently sells at 97% .Is this bond a desirable investment for an investor whose required rate of return is 11%.

Question 30 Explain risk factors in fixed income securities

Question 31 What is Bond Swap? What are its advantages?

## **UNIT VI**

Question 32 What are the different approaches to valuation of the company? which one of these approaches is the most suitable method of valuing the company and why?

## **UNIT VII**

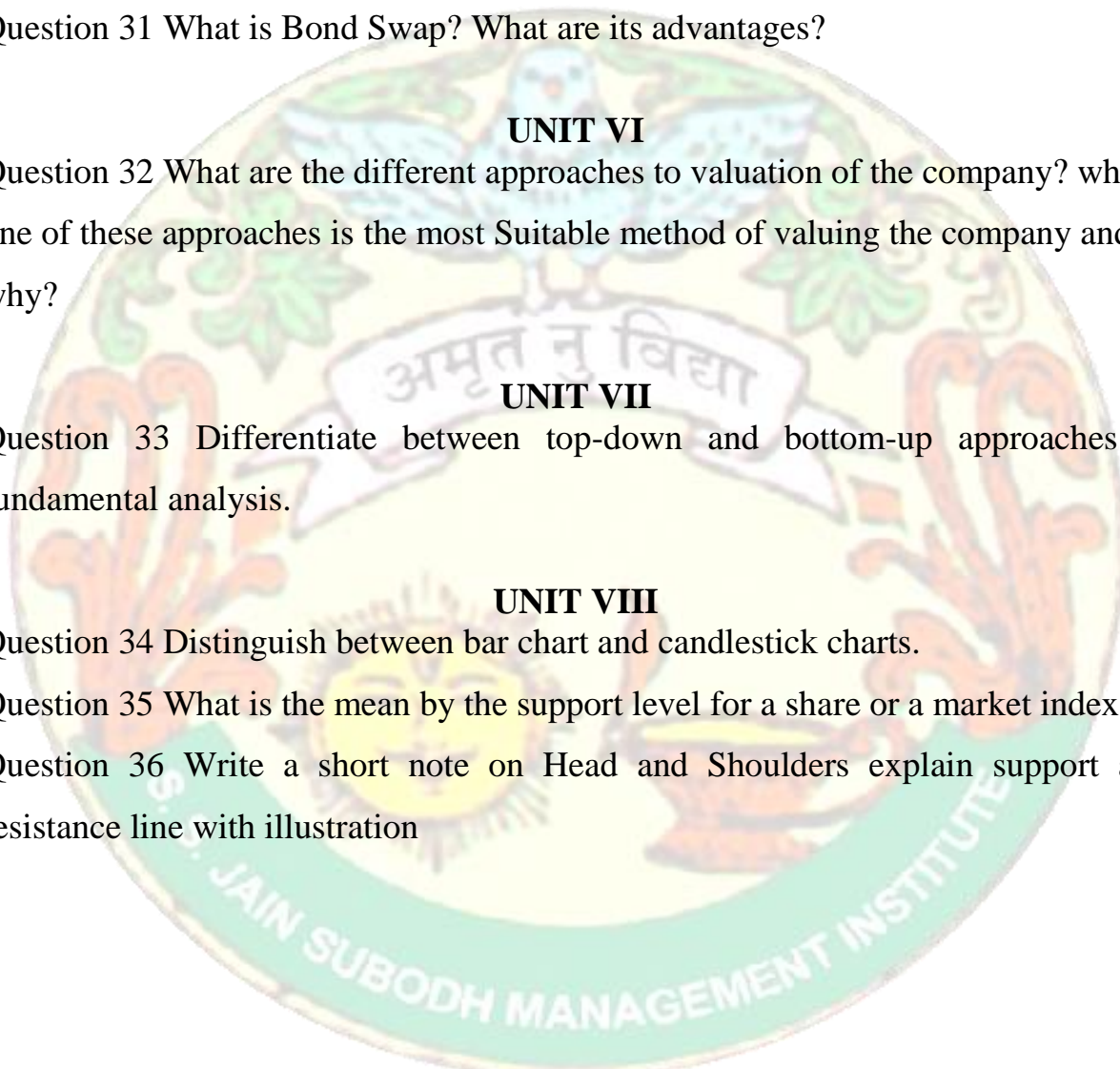
Question 33 Differentiate between top-down and bottom-up approaches to fundamental analysis.

## **UNIT VIII**

Question 34 Distinguish between bar chart and candlestick charts.

Question 35 What is the meaning of the support level for a share or a market index.

Question 36 Write a short note on Head and Shoulders explain support and resistance line with illustration



## **PART C**

### **UNIT I**

Question 1 Explain various factors affecting savings and investment in India.

Question 2 Describe various alternatives available to an investor for investment.

### **UNIT II**

Question 3 Write a detailed note on primary and secondary market. Explain the operations of secondary market action.

Question 4 What do you mean by investment .discuss briefly the various medias of investment available in India market .For a woman working professional earning rupees 45000 per month having no other source of income , Which media of investment will suit the most.

Question 5 Primary market and secondary market are complimentary to each other .Write views with the role of primary market and secondary market and its interdependence.

### **UNIT III**

Question 6 Outline the relationship between the size of standard deviation and the degree of asset risk. Explain in brief the reason for superiority of the coefficient of variation to standard deviation as a measure of company Risk associated with different securities.

Question 7 An investment is currently available for rupees 40 .the revenue return and the year end price of this investment depend upon the economic conditions. Three such conditions are likely with equal probabilities. The return and year end prices are expected as follows:

Condition. Return. Year end price

Boom rupees 2 rupees 50

Normal Rupees 1 rupees 43

Recession rupees 0.50 rupees 34

Find out the expected value of return for one year period and the standard deviation of the return.

#### UNIT IV

Question 8 Given below is information of rates of returns of and data from two companies A and B:

	Year 2019	year 2020	year 2021
Market Return	12.0	11.0	9.0
Company A Return	13.0	11.5	9.8

Determine the Beta coefficients of the shares of company A.

Question 9 Following information is available in respect of 2 securities X and Y

X. Y  
expected return 15% 20%  
standard deviation 10% 15%  
weight 50% 50%  
covariance 100

Also find out the risk and return of the portfolio .also find out the correlation between the return of X and Y.

Question 10 Returns on shares of ABC Ltd. and PQR Ltd. for the past two years are as follows :



Year 1

Year 2

ABC Ltd. 11% 17%

PQR Ltd. 20% 8%

Calculate the following :

- Expected Return Of portfolio made up of 50% of ABC Ltd and 50% of PQR Ltd.
- Expected Return Of portfolio made up of 60% of ABC Ltd and 40% of PQR Ltd.
- Standard deviation of each stock
- Covariance and coefficient of correlation between the two.
- Portfolio risk if both are invested in the ratio of 2 : 1
- overall portfolio risk if the ratio of investment is 1 : 1

#### UNIT V

Question 11 Bali is considering investment in one of the following bonds-

Bond coupon rate maturity price /rs. 100 per value

X 11 percent 10 Years Rs. 76

Y 12 percent 7 years Rs. 69

Which bond should be purchased by him? Will your answer change if the required rate of return is 21 percent?

#### UNIT VI

Question 12 The current dividend on an equity share of XYZ Limited is rupees 2. xyz is expected to enjoy and above normal growth rate of 20% for a period of six years .there after the growth will fall and stabilise at 10% .equity investors require a return of 15% .what is the intrinsic value of the equity share of XYZ Limited?

#### UNIT VII

Question 13 Economic -industry -company(EIC) Framework provides a useful approach in equity investment decision. Explain and illustrate.

## UNIT VIII

Question 14 Briefly describe the essence of Technical Analysis .would you advice the investor to use technical analysis as the only basis for investment decisions? Give reasons.

Question 15 What are the important points that you will be taking into account while doing technical analysis? Is technical analysis a substitute of for fundamental analysis? Discuss.

