

**School of Finance and Commerce**  
**Master of Business Administration in Financial Management**  
**Mid Term Examination - May 2024**

**Duration : 90 Minutes**  
**Max Marks : 50**

**Sem II - H1PE201T - Security Analysis and Porfolio Managememnt**

*General Instructions*  
*Answer to the specific question asked*  
*Draw neat, labelled diagrams wherever necessary*  
*Approved data hand books are allowed subject to verification by the Invigilator*

- 1) List the financial instruments available to an individual investor in India. K2 (2)
- 2) What do you mean by risk? Are all investors risk-averse? Do all investors have same degree of risk aversion? K1 (3)
- 3) What do you mean by risk premium? How does it affect the total return expected from an investment? K2 (4)
- 4) Define risk. What are the sources of risk in an Investment? Suggest measures to avoid business risk. K2 (6)
- 5) The market price of an equity share is Rs. 100. Following information is available in respect of dividends, market price and the expected market condition after one year: K3 (6)

Market Condition	Probability	Market Price (Rs.)	Dividend (Rs.)
Good	0.25	115	9
Normal	0.50	107	5
Bad	0.25	97	3

Find out the expected return and variability of returns of the equity shares.

- 6) Explain the CAPM. How does it help in estimating the expected return of a security? Also, explain the major factors effecting the indian share market stability. K3 (9)
- 7) Explain the concept of valuation of securities. Why is it important for an investor to understand valuation? K4 (8)
- 8) Explain and differentiate between hedging, arbitrage and diversification as strategies of investment. K4 (12)

**OR**

Compare the following investments in terms of return, risk, liquidity, and tax-shelter: a. Equity Shares b. Non-Convertible debentures c. Gold