GALGOTIAS UNIVERSITY

ADMISSION NUMBER

School of Finance and Commerce

Bachelor of Commerce Honours in Financial Market
Semester End Examination - Jun 2024

Duration : 180 Minutes
Max Marks : 100

Sem IV - H1UC401B - Security Analysis and Portfolio Management

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)	Write short note on Diversification.	K1(2)
2)	Differentiate between Expected Return and Realized Return.	K2(4)
3)	Demonstrate the concept of systematic risk.	K2(6)
4)	The expected returns and Beta of three securities are as follows: Epected returns(%) A = 18 Epected returns(%) B= 11 Epected returns(%) C = 15 Beta Factor : A =1.7 B= 0.6 C= 1.2. If risk-free rate is 9% and market returns are 14%, which of the above securities are over, under or correctly valued in the market? What should be your strategy?	K3(9)
5)	Explain the Dow theory with the help of diagrams.	K3(9)
6)	The share of a certain stock paid a dividend of Rs.10.00 last year. The dividend is expected to grow at a constant rate of 15 percent in the future. The required rate of return on this stock is considered to be 18 percent. How much should this stock sell for now? Assuming that the expected growth rate and required rate of return remain the same, at what price should the stock sell 4 years hence?	K5(10)
7)	Explain the role of bond valuation in investment analysis.	K4(12)
8)	Explain some of the key ratios that you will be considering before investing in a stock. Can you depend only on these ratios for making the decision. Eloborate in detail.	K5(15)
9)	Industry life cycle exhibits the status of the industry and gives the clue to entry and exit for investors. Discuss in detail.	K5(15)
10)	An investor has two investment options before him. Portfolio A offers risk-free expected return of 10%. Portfolio B offers an expected return of 20% and has standard deviation of 10%. His risk aversion index is 5. Which investment portfolio the investor should choose? Discuss.	K6(18)