

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -3 EXAMINATIONS-2022

B.Tech-VIII Semester (All Branches)

COURSE CODE (CREDITS): 14B1WHS833 (3)

MAX. MARKS: 35

COURSE NAME: INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT

COURSE INSTRUCTORS: Dr. Amit Srivastava

MAX. TIME: 2 Hours

Note: All questions are compulsory. Marks are indicated against each question in square brackets.

1. Differentiate between
a) Real Assets Vs Financial Assets
b) Investment Vs Speculation
c) Risk Vs Uncertainty [2x3=6] (CO1)
2. "Even if the covariances are positive, the portfolio standard deviation is less than the weighted average of the component standard deviations". Discuss the conditions with the help of suitable diagram. [4] (CO2)
3. Briefly describe the meaning and importance of CML and SML with the help of suitable diagram. [4] (CO3)
4. Briefly explain the meaning and significance as well as different forms of Efficient Markets. If we want to know the level of efficiency of a given financial market, what factor should we consider? [5] (CO4)
5. Look at the given below for two different securities: [3x2=6] (CO4)

	Security X	Security Y
Expected Return	15%	25%
Standard Deviations	30	60
Correlation Coefficient between the two sec = - 0.3		

- a) Find the optimum portfolio P along with its return and standard deviation.
b) How much will an investor with A=6 invest in fund A and B?
6. A portfolio consists of 3 securities, A, B, and C. The proportions of these securities are: $w_A = 0.15$, $w_B = 0.45$, and $w_C = 0.4$. The standard deviations of returns on these securities (in percentage terms) are: A = 12, B = 8, and C = 15. The correlation coefficients among security returns are $\rho_{AB} = 0.4$, $\rho_{AC} = 0.6$, $\rho_{BC} = 0.7$. What is the standard deviation of portfolio return? [4] (CO5)

(P.T.O.)

7. The rate of return for stock X and market portfolio for the last 5 periods are given below:

Period	1	2	3	4	5
Return on Stock A (%)	18	12	22	26	15
Return of market portfolio (%)	8	15	13	16	20

Calculate:

[3x2=6] (CO5)

- a) Beta for Stock A
- b) Characteristic Line for Stock A

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