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Shree Damodar College of Commerce & Economics, Margao-Goa

TYBBA(FS), Semester-V (REGULAR /REPEAT) Semester End Assessment November 2023

BFS CC 15: Security Analysis and Portfolio Management

Duration: 2 hours

Maximum Marks: 60

**Instructions:**

- 1) Start each question on fresh page.
- 2) Figures to the right indicate maximum marks.
- 3) Q1 is compulsory
- 4) Answer any FOUR questions from Q2 to Q6

**Q1. Answer ANY FIVE of the following:**

**(5\*4= 20 marks)**

- a. Define the term "diversification" in the context of portfolio management.
- b. What is the primary goal of fundamental analysis in the evaluation of a company's stock?
- c. Differentiate between systematic risk and unsystematic risk
- d. Explain the concept of "risk-return trade-off" in portfolio management.
- e. Explain the concept of "support and resistance" in technical analysis.
- f. Explain the concept of "intrinsic value" in fundamental analysis. How does it differ from the market price of a security?

**Q2.** Assume you are a portfolio manager at a reputable investment firm. A new client, aged 45, approaches you with a substantial sum of money to invest for their retirement, which is expected to be in 20 years. The client has a moderately high-risk tolerance and is looking for a well-structured investment plan that aligns with their long-term goals. Describe, step by step, the investment process you would follow to create a customized investment portfolio for this client. **(10 Marks)**

**Q3.** You are tasked with evaluating the risk-return profile of a portfolio of stocks considering investments in the technology sector. Explain how the concept of Beta can help assess the risk associated with the stocks. Using the calculated Beta, analyse how it contributes to the assessment of risk and return in the context portfolio. Discuss how Beta helps in understanding the stock's sensitivity to market movements and its potential impact on the portfolio's performance. **(10 Marks)**

**Q4.** You are a financial analyst working for an investment advisory firm, and a client has sought your guidance on selecting a stock for a long-term investment in the technology sector. The client is particularly interested in investing in a company that aligns with their values, which include environmental sustainability and corporate responsibility. They have a moderate risk tolerance and a time horizon of at least 5 years. Explain the fundamental analysis process you would follow to identify a suitable stock for your client. **(10 Marks)**

**Q5.** Create a point and figure chart for the stock, highlighting key support and resistance levels. Explain the construction of point and figure charts and their role in identifying potential breakout or reversal points. **(10 Marks)**

**Q6.** How can an understanding of systematic risk and its components influence investment decision-making? Provide recommendations on how investors can adjust their portfolio strategies based on their assessment of systematic risk factors. **(10 Marks)**

