SRM VALLIAMMAI ENGINEERING COLLEGE

(An Autonomous Institution)

SRM Nagar, Kattankulathur – 603 203

DEPARTMENT OF MANAGEMENT STUDIES
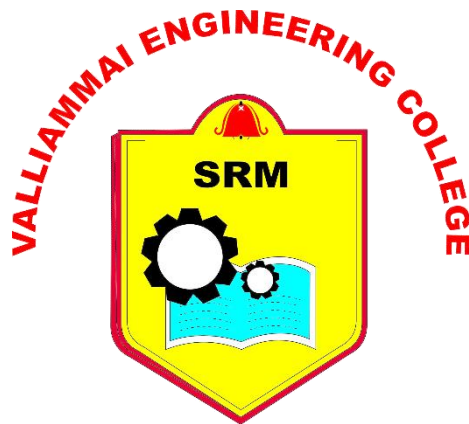
QUESTION BANK

III SEMESTER

1915314 – SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

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Prepared by

Dr.L.Sujatha , Assistant Professor (Sel.G)

Mrs.A.UmaDevi , Assistant Professor (OG)

Course Coordinator : Dr.L.Sujatha , Assistant Professor (Sel.G)

UNIT – I – INTRODUCTION

SYLLABUS:
Investment - Meaning - Financial and economic meaning of Investment – Characteristics and objectives of Investment – Difference between Speculation and Gambling – Investment alternatives – Investment Information - Choice and Evaluation – Risk and return concepts.

PART- A			
S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	Define Investment.	Level 1	Remembering
2.	Differentiate Investor andSpeculator.	Level 2	Understanding
3.	Determine the two types of information necessary for security analysis.	Level 3	Applying
4.	List the different kinds of bonds.	Level 1	Remembering
5.	What are the characteristics of common stock?	Level 2	Understanding
6.	Define Risk.	Level 1	Remembering
7.	What are the features of preference shares?	Level 1	Remembering
8.	Distinguish between Investment andGambling.	Level 2	Understanding
9.	Identify the features of warrants.	Level 2	Understanding
10.	What is the need for Investment Information?	Level 1	Remembering
11.	List the qualities required for successful investing.	Level 2	Understanding
12.	Write about the objectives of an Investment.	Level 3	Applying
13.	Define security as per Security Contract Regulation Act.	Level 1	Remembering
14.	Write about Treasury Bills.	Level 3	Applying
15.	What do you mean by Speculation?	Level 3	Applying
16.	List down the various types of risk.	Level 2	Understanding
17.	Define Mutual Fund.	Level 1	Remembering
18.	Write the formula for Intrinsic Value of a Security.	Level 3	Applying
19.	What do you mean by duration of Bond?	Level 1	Remembering
20.	Identify the reasons for investing in Gold, Silver and Real Estate.	Level 2	Understanding
21.	Define Financial Risk.	Level 1	Remembering
22.	What are risk free assets? Give examples.	Level 2	Understanding

23.	What are pre emptive rights?	Level 1	Remembering
24.	Write about Growth shares.	Level 3	Applying

PART- B				
S.NO	**QUESTIONS**		**BT LEVEL**	**COMPETENCE**
1.	Write the meaning of Investment in economic and finance point of view with examples.	(6)	Level 1	Remembering
	What are the objectives for an investor to invest their funds in stock market?	(7)	Level 1	Remembering
2.	Explain the various choices of Investment alternatives available for an Investor.		Level 2	Understanding
3.	Elaborate Systematic Risk. How is it different from Unsystematic Risk?		Level 3	Applying
4.	Elucidate about trade- off concept between risk and return in Investments.		Level 4	Analysing
5.	Discuss the various features and schemes of mutual funds.		Level 2	Understanding
6.	Brief out the various types of bond and its features.		Level 2	Understanding
7.	Describe the features of Equity shares, Preference shares and Debentures.		Level 3	Applying
8.	A bond of Rs.1000 face value bearing a Coupon rate of 12% will mature after 7 years. (i)What is the value of the bond if the discount rate is14%? (ii)What is the value of the bond if the discount rate is12%?		Level 4	Analysing
9.	Anand owns Rs.1000 face value bond with five years to maturity. The bond has an annual coupon of Rs.75. The bond is currently priced at Rs.970. Given an appropriate discount rate of 10%, Explain whether Anand should hold or sell the Bond?		Level 5	Evaluating
10.	Find out the price of Rs.1000 Zero Coupon bond with yield to maturityof 18% and 10 years to maturity.What is YTM of this bond if its price is Rs.220?		Level 3	Applying
11.	Prem is considering the purchase of a bond currently selling at Rs.878.50. The bond has four years of maturity, face value of Rs.1000 and 8% coupon rate. The next annual Interest payment is due after one year from today. The required rate of return is 10%. i) Calculate the intrinsic value (present value) of the bond. Should Prembuy the bond? ii) Calculate the yield to maturity of the bond.		Level 4	Analysing
12.	The returns on securities A and B are given below :<table><tr><td>Probability</td><td>Security A</td><td>Security B</td></tr><tr><td>0.5</td><td>4</td><td>0</td></tr><tr><td>0.4</td><td>2</td><td>3</td></tr></table>		Level 5	Evaluating

	0.1	0	3			
	i) What is the expected return for security A and B.? The security has to be selected on the basis of return and risk. ii) If the investor invests an equal proportion on both the scrips, what wouldbe the return? iii) If the proportion is changed to 25 % and 75 % what would be thereturn?				
13.	"The investment process involves a series of activities starting from the policy formulation" - Explain.			Level 3	Applying
14.	Returns for a stock has the following probability distribution : 	Possible Returns	Probabilityof Occurrence
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-25	0.05
-10	0.10
0	0.10
15	0.15
20	0.25
30	0.20
35	0.15 | Calculate the variance and standard deviation.			Level 2	Understanding
15.	State and explain about Warrants.			Level 1	Remembering
16.	"Adequate information is required for the investor to carry out his investment programme" -Comment.			Level 4	Analysing
17.	Compare and Contrast Investment, Speculation and Gambling.			Level 2	Understanding

PART - C				
S.NO	QUESTIONS		BT LEVEL	COMPETENCE
1.	Assume that there is a market information stating that the market is heading towards the boom period. Will you buy a common stock based upon this information?		Level 4	Analysing
2.	R.S Verma is considering investing in a bond currently selling for Rs.8785.07. The bond has four years to maturity, a Rs.10, 000 face value and a 8% Coupon rate. The next annual interest payment is due one year from today. The approximate discount factor for investments ofsimilar risk is10%. i)Calculate the intrinsic value of the bond. Based on this calculation, should Verma purchase the bond. ii)Calculate the YTM of the bond .Based on this calculation, should Verma purchase the bond.		Level 5	Evaluating
3.	Consider two situations:A young man X in early twenties and another young man Y in the late thirties. X and Y earns same amount of money. Mr. Y has a family, a car and all the encumbrances related with the marital status. Both of them like to invest in securities, what would be their constraints and objectives?		Level 4	Analysing

4.	There are two bonds A and B. 	Particulars	A	B
Par Value	Rs.1000	Rs.1000
Coupon Rate	7%	8%
YTM	6%	6%
Maturity	4 years	4 years | Find the Intrinsic value and duration of both the bonds.		Level 4	Analysing

5.	There are two securities A & B. The returns are given below: 	Returns of Security A	Probability	Returns of Security B	Probability
8	0.15	9	0.3
9	0.20	10	0.4
10	0.30	11	0.3
11	0.20		
12	0.15		| Calculate the Variance and Standard deviation of both the securities. Rank the securities based on its risk and returns.		Level 5	Evaluating

UNIT – II – SECURITIESMARKETS		
SYLLABUS: Financial Market - Segments – Types - Participants in financial Market – Regulatory Environment, Primary Market – Methods of floating new issues, Book building – Role of primary market – Regulation of primary market, Stock exchanges in India – BSE, OTCEI , NSE, ISE, and Regulations of stock exchanges – Trading system in stock exchanges- Online –SEBI.		
PART- A		

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	Define Financial Markets.	Level 1	Remembering
2.	Identify the players in Financial Markets.	Level 2	Understanding
3.	Write about Capital Market.	Level 3	Applying
4.	Define Book building.	Level 1	Remembering
5.	Identify the features of New Issue Market.	Level 2	Understanding
6.	Write any four recent reforms in Capital Market.	Level 3	Applying
7.	State the meaning of IPO.	Level 1	Remembering
8.	Identify the need for OTCEI.	Level 2	Understanding
9.	Write down the methods of floating new issues.	Level 3	Applying
10.	What do you mean by Rights Issue?	Level 1	Remembering
11.	Identify the need for listing securities.	Level 2	Understanding
12.	Write about Secondary Market.	Level 3	Applying
13.	State the meaning of Depositories.	Level 1	Remembering
14.	Distinguish between capital market and money market.	Level 2	Understanding
15.	Write about the regulatory framework of Capital Market.	Level 3	Applying
16.	Compare BSE and NSE.	Level 2	Understanding
17.	What is Red Herring Prospectus?	Level 1	Remembering
18.	Identify the need for Stock Market Indices.	Level 2	Understanding
19.	List few indices in Indian stock market.	Level 1	Remembering
20.	List the functions of SEBI.	Level 1	Remembering
21.	Write about rolling settlement in trading of securities.	Level 3	Applying
22.	What is Odd lot trading?	Level 1	Remembering
23.	Identify the causes of Insider trading.	Level 2	Understanding
24.	What do you mean by stock trading system?	Level 1	Remembering
PART- B			

S.NO	QUESTIONS		BT LEVEL	COMPETENCE
1.	Describe the various segments of Financial Markets.		Level 1	Remembering
2.	Discuss the recent reforms in Indian capital market for making it as an efficient market.		Level 2	Understanding
3.	Examine the Investor protection measures taken by the regulatory authorities in primary market.		Level 3	Applying
4.	Describe about the various parties involved in the new issue.		Level 1	Remembering
5.	Explain the role of SEBI in primary and secondary market.		Level 2	Understanding
6.	Examine the process of Book building.		Level 3	Applying
7.	Identify the various ways in which an initial public offer canbe made?		Level 4	Analysing
8.	Analyze the functions of NSDL.		Level 4	Analysing
9.	The strength of the economy depends upon the capital market- Justify.		Level 5	Evaluating
10.	Compare and contrast primary market and secondary market.		Level 4	Analysing
11.	Outline the functions of Stock exchange.		Level 2	Understanding
12.	Describe the features of NSE,BSE and ISE.		Level 1	Remembering
13.	Outline the functions of New Issue market.		Level 2	Understanding
14.	Analyze the features and benefits of OTCEI.		Level 4	Analysing
15.	Assess the need for various stock market indices.		Level 5	Evaluating
16.	Review the changes in the trading system of stock exchanges brought by SEBI in the recent years.		Level 5	Evaluating
17.	Discuss the recent trends in NSE.		Level 2	Understanding

	PART - C		
S.NO	**QUESTIONS**	**BT LEVEL**	**COMPETENCE**
1.	"Stock exchange provides the linkage between the savings in the household sector and the investments in the corporate sector" - Comment.	Level 4	Analysing
2.	"Investors Protection is the major concern of Securities Exchange Board of India" - Review the various steps taken by SEBI on this perspective.	Level 5	Evaluating
3.	These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short term debt instruments are actively traded every day. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity. Highlight the functions performed by the market in the above case. Write about the market segment where secured and unsecured instruments are traded.	Level 6	Creating
4.	Determine the various securities traded in stock exchange. Give examples.	Level 5	Evaluating
5.	Analyze the institutional structure of Indian Capital Market.	Level 4	Analysing

	UNIT – III –FUNDAMENTALANALYSIS		

SYLLABUS:
Fundamental Analysis - EIC Framework **-** Economic Analysis – Economic forecasting and stock Investment Decisions – Forecasting techniques. Industry Analysis : Industry classification, Industry life cycle – Company Analysis - Measuring Earnings – Forecasting Earnings.

PART- A

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	Define Fundamental Analysis.	Level 1	Remembering
2.	Outline about Industry life cycle.	Level 2	Understanding
3.	Generalize the uses of Financial ratios.	Level 3	Applying
4.	List the leading indicators of the economy.	Level 1	Remembering
5.	Give examples of lagging indicators of the economy.	Level 2	Understanding
6.	Write about EIC framework.	Level 3	Applying
7.	List the Economic forecasting tools.	Level 1	Remembering
8.	Outline the characteristics of coincidental and lagging indicators of the economy.	Level 2	Understanding
9.	Write about Industry analysis.	Level 3	Applying
10.	List the characteristic features of an Industry.	Level 1	Remembering
11.	What is SWOT analysis?	Level 2	Understanding
12.	Write the significance of ROI in company analysis.	Level 3	Applying
13.	State the meaning of Intrinsic value of share.	Level 1	Remembering
14.	Give the criticism of Fundamental analysis.	Level 2	Understanding
15.	Write about opportunistic building model.	Level 3	Applying
16.	What is P/E ratio?	Level 2	Understanding
17.	List the tools used in Company analysis.	Level 1	Remembering
18.	State about Graham and Dodd's investor ratio.	Level 2	Understanding
19.	List the ratios used in Company analysis.	Level 1	Remembering
20.	What is Value vs. Growth investing?	Level 1	Remembering
21.	Write about Diffusion Index.	Level 3	Applying
22.	State the importance of Industry analysis.	Level 1	Remembering
23.	List the elements of Porter's five forces model.	Level 2	Understanding
24.	State the advantages of Company analysis.	Level 1	Remembering

PART- B

S.NO	QUESTIONS		BT LEVEL	COMPETENCE
1.	Describe the concept of EIC framework.		Level 1	Remembering
2.	Discuss about the macro economic factors contributing for Economic analysis.		Level 2	Understanding
3.	Examine the various tools of Economic forecasting.		Level 3	Applying
4.	Describe the need and importance of Economic Analysis.		Level 1	Remembering
5.	Compare and Contrast Industry analysis and Economic Analysis.		Level 2	Understanding
6.	Examine the need and concept of Industry analysis.		Level 3	Applying
7.	"Fundamental analysis provides an analytical frame work for rational investment decision making"- Justify.		Level 4	Analysing
8.	Analyse the factors considered to be important for Industry analysis.		Level 4	Analysing
9.	Describe the various stages in Industry life cycle.		Level 1	Remembering
10.	Analyse the various economic indicators to predict the stock market movements in the economy.		Level 4	Analysing
11.	Discuss about the Porter's five forces model for Industry analysis.		Level 2	Understanding
12.	Describe about the tools used in Company analysis.		Level 1	Remembering
13.	Examine the factors influencing Company analysis.		Level 3	Applying
14.	"Price on the Stock market may not fully reflect a stock's real value" - Comment.		Level 4	Analysing
15.	Assess trend analysis as a tool for evaluating a company's performance with an example.		Level 5	Evaluating
16.	Describe the methods of measuring and forecasting earnings in company analysis.		Level 1	Remembering
17.	Explain the Graham and Dodd's investor ratios with respect to Fundamental analysis.		Level 2	Understanding

PART - C			
S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	Bajaj Auto Limited, one of the leading two-wheeler companies in India and the oldest, is at a crucial stage in its existence. It is facing increasing competition from foreign players like Suzuki and Honda whose market shares have been increasing over the years. Bajaj is working on cutting costs, increasing efficiency and coming	Level 5	Evaluating

	up innovative models along with introducing electric vehicles. Evaluate the company using the Five factor ROE analysis.		
2.	Foreign investors look for certain key factors before investing in Indian Economy. - Justify.	Level 4	Analysing
3.	As an analyst, examine at what stage of Industry life cycle, the investments are more attractive. Brief out with examples.	Level 4	Analysing
4.	Enumerate the significance of economic forecasting in current scenario for fundamental analysis.	Level 5	Evaluating
5.	"The level, trend and stability of earnings of a company depend upon a number of factors concerning the operation of the company."- Analyze the qualitative and quantitative measures of Company analysis.	Level 4	Analysing

UNIT – IV – TECHNICALANALYSIS

SYLLABUS:
Technical Analysis - Concepts - Fundamental Analysis Vs Technical Analysis – Charting methods – Market Indicators. Trend – Trend reversals – Patterns - Moving Average – Exponential moving Average – Oscillators – Market Indicators – Efficient Market theory - Basic Concepts - Random Walk Theory - Weak form of EMH - Semi strong form - Strong Form - The Essence of the Theory - Market Inefficiencies.

PART- A

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	State the meaning of Technical Analysis.	Level 1	Remembering
2.	List any two assumptions of Technical Analysis.	Level 2	Understanding
3.	Write about the importance of Technical Analysis.	Level 3	Applying
4.	What are the three types of trends in stock prices?	Level 1	Remembering
5.	Differentiate Fundamental analysis and technical analysis.	Level 2	Understanding
6.	How is moving average method used in technical analysis?	Level 3	Applying
7.	What are Oscillators?	Level 1	Remembering
8.	Give the importance of Oscillators in technical analysis.	Level 2	Understanding
9.	Draw and Interpret a Line Chart for a stock.	Level 3	Applying
10.	What do you mean by Dow theory?	Level 1	Remembering
11.	Define RSI and its usage.	Level 2	Understanding
12.	Write about Volume Indicators.	Level 3	Applying
13.	State about MAC.	Level 1	Remembering
14.	Compare ROC I and ROC II.	Level 2	Understanding
15.	List the two major market indicators considered as a barometer of Indian capital market.	Level 3	Applying
16.	What do you mean by support level and resistance level?	Level 2	Understanding
17.	Define "Efficient frontier".	Level 1	Remembering
18.	What is meant by Security market line?	Level 2	Understanding
19.	Define Trend Reversal.	Level 1	Remembering
20.	State about Charts.	Level 1	Remembering
21.	Write about Odd Lot Trading.	Level 3	Applying
22.	Draw any three Chart patterns with examples.	Level 1	Remembering
23.	List the assumptions of Random Walk theory.	Level 2	Understanding
24.	What do you mean by efficient market theory?	Level 1	Remembering

	PART- B			
S.NO	**QUESTIONS**		**BT LEVEL**	**COMPETENCE**
1.	Elaborate the premises of technical analysis.		Level 1	Remembering
2.	Compare and contrast Technical and Fundamental analysis.		Level 2	Understanding
3.	'Chart patterns are helpful in predicting the stock price movement'- Justify.		Level 3	Applying
4.	How would you use ROC to predict the stock price movement?		Level 1	Remembering
5.	Elaborate the various tools of Technical analysis.		Level 2	Understanding
6.	Write briefly about Dow theory and explain its various trends.		Level 3	Applying
7.	Analyse the principles of Technical Analysis.		Level 4	Analysing
8.	How does RSI and ROC indicate the technical strength and weakness of the stock price movement?		Level 4	Analysing
9.	Describe the chart patterns which help in identifying trend reversal.		Level 1	Remembering
10.	Moving average not only smoothens the data, but also predicts the market – Discuss with an example.		Level 4	Analysing
11.	Discuss the various forms of market efficiency.		Level 2	Understanding
12.	Brief about MACD calculation with an example.		Level 1	Remembering
13.	Interpret how volume and breadth of the market indicate the trend of the market.		Level 3	Applying
14.	Write about the list of Oscillators and brief with examples.		Level 4	Analysing
15.	Evaluate the methodology of RSI computation with examples.		Level 5	Evaluating
16.	What is the concept of random walk theory? Discuss its implications and limitations.		Level 1	Remembering

17.	Write short notes on:
	  i) Bar Chart
	  ii) Line Chart
	  iii) Point and Figure Chart
	  iv) Japanese Candlestick Chart
			Level 2	Understanding

PART - C

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	What are the statistical tools used to measure the risk of securities? Explain.	Level 5	Evaluating
2.	Analyse the weak form of the efficient market hypothesis. Describe the empirical tests used for testing the weak form efficiency.	Level 4	Analysing
3.	Elaborate on the technical indicators used in short term decision making.	Level 4	Analysing
4.	Evaluate the different time frames in Trading charts.	Level 5	Evaluating
5.	Google's stock price is increasing and reaches a price range wherein selling activity is expected to emerge that prevents further price increases. Comment on the situation. Also explain the uses of trend, support, resistance lines and change in polarity.	Level 4	Analysing

UNIT – V – PORTFOLIOMANAGEMENT			
SYLLABUS: Portfolio analysis –Portfolio Selection –Capital Asset Pricing model – Portfolio Revision Portfolio Evaluation – Sharpe's, Treynor's and Jensen Index - Mutual Funds - Types - Net Asset Value			
PART- A			
S.NO	**QUESTIONS**	**BT LEVEL**	**COMPETENCE**
1.	What is CAPM?	Level 1	Remembering
2.	Write the criteria for evaluation of portfolio.	Level 2	Understanding
3.	What is an index fund?	Level 3	Applying
4.	Distinguish between SML and CML.	Level 1	Remembering
5.	How is Beta computed using CAPM?	Level 2	Understanding
6.	Interpret the term AMC.	Level 3	Applying
7.	What do you mean by diversification?	Level 1	Remembering
8.	How would you summarize portfolio selection?	Level 2	Understanding
9.	Compare entry and exit load in mutual fund.	Level 3	Applying
10.	Define the term Jensen measure.	Level 1	Remembering
11.	What is your opinion on portfolio management?	Level 2	Understanding
12.	Interpret the term NAV.	Level 3	Applying
13.	What are formula plans?	Level 1	Remembering
14.	State the importance of mutual funds.	Level 2	Understanding
15.	Compare open ended and closed ended funds	Level 3	Applying
16.	What are mutual funds?	Level 2	Understanding
17.	What is Treynor's index?	Level 1	Remembering
18.	Can you tell about passive management?	Level 2	Understanding
19.	What is portfolio revision?	Level 1	Remembering
20.	List the objectives of Portfolio evaluation.	Level 1	Remembering
21.	Write the importance of gilt edged fund.	Level 3	Applying
22.	Write the benefits of Mutual funds.	Level 1	Remembering
23.	Write the equation of CAPM and mention its assumptions.	Level 2	Understanding
24.	What is Portfolio risk and Co variance?	Level 1	Remembering
PART- B			

S.NO	QUESTIONS	BT LEVEL	COMPETENCE
1.	Explain the process of Portfolio analysis.	Level 1	Remembering
2.	"Mutual funds are best form of investments" - Discuss.	Level 2	Understanding
3.	Give a detailed account on the Markowitz's risk diversification.	Level 3	Applying
4.	Analyse with example the patterns of portfolio revision.	Level 1	Remembering
5.	Trace growth of mutual funds in India. What is the need to regulate different types of mutual funds in India?	Level 2	Understanding
6.	Following are the price and other details of 3 stocks. 	Stock	Beginning Price	Dividend Paid	Ending Price
X	30	3.40	34
Y	72	4.70	69
Z	140	4.80	146	 Construct a portfolio with these securities having the proportions as 0.7, 0.5 and 0.2 assume the standard deviation (in terms of percentage) to be 6, 9 and 10 for stocks X, Y and Z respectively. Interpret the portfolio return.	Level 3	Applying
7.	Explain the scope and objectives of portfolio Management?	Level 4	Analysing
8.	Draw & explain about "Efficient Frontier".	Level 4	Analysing
9.	For the hypothetical funds: 	Fund	Return	Risk free	Excess Return	SD	Beta
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1	20	10	10	8	0.8
2	30	10	10	15	1.1 | i) Calculate Sharpe index and rank them. ii) Will the decision change if Treynor's ratio is used ?	Level 1	Remembering
10.	Explain the characteristics of assets the lie on the efficient frontier.	Level 4	Analysing
11.	Explain the different measures of portfolio performance.	Level 2	Understanding
12.	What are the basic assumptions of CAPM? What are the advantages of adopting CAPM model in the portfolio management?	Level 1	Remembering
13.	What do you mean by Mutual Fund and explain the various types of mutual funds schemes.	Level 3	Applying
14.	Analyse how CML and SML are constructed.	Level 4	Analysing
15.	Differentiate between CML and SML.	Level 5	Evaluating

16.	What is Markowitz model? State its assumptions.		Level 1	Remembering
17.	Explain the selection of optimum portfolio.		Level 2	Understanding

PART - C				
S.NO	**QUESTIONS**		**BT LEVEL**	**COMPETENCE**
1.	The following three portfolios provide the particulars given below: | Portfolio	Average annual return	Standard deviation	Correlation co-efficient
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A	18	27	0.8
B	14	18	0.6
C	15	8	0.9
Market	13	12	-	 Risk free rate of interest 9%. Rank these portfolios using Sharpe's and Treynor's methods. Compare both the indices.		Level 5	Evaluating
2.	The following information is provided regarding the performance of the fund namely Birla advantage , Sundaram growth and Sun F&C value for a period of a six months ending August 2020.The risk free rate of interest is assumed to be 9%.Rank them with the Sharpe index and discuss. | Scheme	Rp	Standard deviation	Beta
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Birla Advantage	25.38	4	0.23
Sundaram Growth	25.11	9.01	0.56
Sun F & C value	25.01	3.55	0.59			Level 4	Analysing
3.	Mr. X has owned units of three different mutual funds namely R, S and T. The following particulars are available to him. 	Funds	Excess Average return	Beta
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R	7.7	1.02
S	11.3	0.99
T	11.6	1.07
Market	7.8	1.00			Level 4	Analysing

i)Calculate the performance using the appropriate measure.
ii) He wants to dispose anyone of the mutual fund for his personal expenditure. Which fund should he dispose?

4.	The following data are available to you as a portfolio manager:	Level 5	Evaluating

Security	Estimated Return (Percent)	Beta	Standard Deviation (Percent)
1	32	2.10	50
2	30	1.80	35
3	25	1.65	42
4	20	1.30	26
5	18	1.15	29
6	15	0.85	18
7	14	0.75	20
8	12	0.50	17
Market Index	16	1.00	25
Govt Security	7.5	0	0

I) In terms of security market line, which of the securities listed above are undervalued?

II) Assuming that a portfolio is constructed investing equal proportion of funds in each of the above securities, what is the expected return and risk of such a portfolio?

5.	IDBI and UCO are two mutual funds. IDBI has a sample mean of success 0.15 and fund UCO has a sample mean of success 0.20, with the riskier fund UCO having doubled the beta at 2.2 as fund IDBI. The respective standard deviations are 17% of UCO and 21% of IDBI. The mean return for market index is 0.14, while the risk-free return is 10%. 1. Compute the Jensen index for each of the funds. What does it indicate? 2. Compute the Treynor index and Sharpe index for the funds. Interpret the results.	Level 4	Analysing