- 6 MAR 2025 (CM)

NCU-FORM-29

| THE NORTHCAP UNIVERSITY | Minor Examination Question Paper | Review Date: |
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| | Department of Management and Commerce | Semester: IV<br>Session: JAN - JUN 2025 |
| | Programme: **MBA**<br>Course Name: **Security Analysis and Portfolio Management**<br>Course Code: **BSL695** | Maximum Marks: 40<br>Duration: 90 minutes<br>Sheet 1 of 2 |

**Instructions**

1. The paper has THREE Sections.
   a. Section A has THREE questions of TWO marks each.
   b. Section B has THREE questions of FIVE marks each.
   c. Section C is an Application-based and has FOUR marks.
2. There is **NO CHOICE** in this paper.
3. Attempt one section fully before starting with a new section.
4. This paper does NOT require the use of any log/statistic table(s)
5. This paper does NOT require the use of any calculator.

**Course Outcomes**

CO1. Provide students with a comprehensive view of investments & trading ecosystem
CO2. Trains students on the quantitative methods related to investments & trading
CO3. Trains students on Wealth Management Processes, Practices & Ethics

## SECTION A

Short Answer Type Questions 10 marks

| Q | QUESTION | Marks | COs |
|---|---|---|---|
| 1. | A self-employed business owner with irregular income wants to build wealth for his daughter's higher education in 15 years while also ensuring financial security in case of emergencies.<br><br>As a financial consultant, suggest a comprehensive financial plan, covering:<br>• Investment alternatives (PPF, Mutual Funds, ULIPs, Fixed Deposits)<br>• Insurance options (Term Plan, Endowment Policy)<br>• Risk management strategies<br>• Liquidity planning for uncertain cash flows<br><br>Justify why your recommendations align with his financial goals. | 2 | CO1 |
| 2. | A 35-year-old salaried individual wants to build wealth while ensuring his family is financially protected. He is confused between investing in mutual funds or buying a life insurance policy.<br>As a financial expert, explain:<br>• How mutual funds can help in wealth creation<br>• How life insurance provides risk protection<br>• Whether a combination of both is suitable for his long-term financial security<br>• Specific products like SIP in Equity Mutual Funds vs. Term Insurance vs. ULIPs<br><br>Recommend a balanced strategy based on his financial goals. | 2 | CO2 |
| 3. | A real estate investor, who has primarily invested in physical assets (land and property), wants to diversify into financial assets but is skeptical about their stability.<br>Compare real assets (gold, real estate) vs. financial assets (stocks, bonds, mutual funds) in terms of:<br>• Liquidity<br>• Risk & return<br>• Inflation hedge<br>• Market volatility<br>Convince the investor why adding financial assets to his portfolio would be beneficial. | 2 | CO2 |

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| 4. | "A mid-sized manufacturing company is planning to expand its operations and is evaluating different investment options: issuing corporate bonds, raising equity capital, or reinvesting retained earnings.<br><br>As a financial analyst, how would you assess the risk-return tradeoff of each option, and what factors should the company consider before deciding?" | 2 | CO1 |
| 5. | "An investor with a high net worth is looking to diversify beyond traditional stocks and bonds. They are considering alternative investments such as real estate, commodities, hedge funds, and cryptocurrencies.<br><br>As a financial advisor, how would you evaluate the suitability of these options based on factors like risk, liquidity, expected returns, and market conditions?" | 2 | CO2 |

**SECTION B**

Long Answer Type Questions 15 marks

| Q | QUESTION | Marks | CO# |
|---|---|---|---|
| 6. | A young professional has recently received a large bonus and wants to invest it for quick profits. They are considering three options:<br><br>Option 1: Buying shares of a newly launched tech company based on media hype.<br>Option 2: Betting on an online gambling platform with the possibility of high returns.<br>Option 3: Investing in a diversified mutual fund for long-term wealth creation.<br><br>As a financial advisor, analyse each option and explain the differences between investment, speculation, and gambling. What advice would you give to the client for making an informed financial decision? | 5 | CO1 |
| 7. | A 40-year-old working professional with a stable income wants to plan for retirement, his child's education, and buying a house in the next 10 years. He has limited knowledge of financial markets.<br><br>As an investment planner, how would you guide him through the investment process, including:<br><br>• Setting financial goals<br>• Assessing risk appetite<br>• Choosing appropriate investment instruments<br>• Asset allocation strategy<br>• Monitoring and rebalancing the portfolio<br><br>Provide specific examples of suitable investment options based on his requirements. | 5 | CO2 |
| 8. | A first-time investor is confused between investing in an Initial Public Offering (IPO) or purchasing shares in the secondary market. He has shortlisted a company that is about to launch its IPO but is unsure if he should invest early or wait for the stock to list on the exchange.<br><br>How would you explain the advantages and risks of investing in an IPO vs. buying in the secondary market? Use real-world factors such as price volatility, company performance, and long-term investment perspective in your explanation. | 5 | CO1 |

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## SECTION C

Application-Based Question 15 marks

| Q | QUESTION | Marks | CO# |
|---|---|---|---|
| 9. | A retired individual is looking for safe and stable income from investments, whereas a young, high-risk investor wants to maximize returns quickly. They are considering investment in:<br><br>• Government bonds<br>• Blue-chip stocks<br>• Stock market derivatives (options & futures)<br><br>1. Explain which investment is most suitable for everyone, considering risk tolerance, liquidity needs, and return expectations. (5 mark)<br>2. Also, highlight how diversification can help both investors balance their portfolios. (5 mark)<br>3. How can economic conditions (such as inflation or interest rate changes) impact on the returns and risk of these investments? (5 mark) | 15 | CO2 |

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