(b) Critically evaluate the strengths and weaknesses of Fundamental Analysis versus Technical Analysis when used for short-term trading. (10)

5. (a) Explain the importance of tax planning in wealth management. Discuss how tax-efficient investment options can impact wealth accumulation over time. (8)

(b) Mr. Sanjay invested ₹2,00,000 in a mutual fund that provided an annual return of 12%. He falls under a tax bracket of 20% for income tax. The inflation rate during the year was 5%.

(i) Calculate the Post-Tax Return on Mr. Sanjay's investment.

(ii) Calculate the Real Return on his investment after considering the inflation rate.

(10)

6. Write short notes on the following : (3×6=18)

(i) Investor Life cycle approach

(ii) Active and Passive Investing

(iii) Basic Tenets of Technical Analysis

[This question paper contains 4 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 4707 **J**

Unique Paper Code : 2924000018

Name of the Paper : Wealth Management (Generic Elective)

Name of the Course : **Bachelor of Management Studies (BMS)**

Semester : IV

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any **5** questions.
3. **All** questions carry equal marks.

1. (a) Differentiate between Direct and Indirect Investing with examples. (8)

(b) Briefly describe the Efficient Market Hypothesis (EMH) and discuss its implications for technical and fundamental analysis. (10)

2. (a) Consider a portfolio consisting of two assets, Stock P and Stock Q. The following information is provided :

- **Stock P**: Expected return = 18%, Standard deviation = 20%
- **Stock Q**: Expected return = 12%, Standard deviation = 14%
- The correlation coefficient between Stock P and Stock Q is 0.5

The portfolio consists of 60% invested in Stock P and 40% in Stock Q.

(i) Calculate the portfolio risk.

(ii) Explain the impact of the correlation coefficient on the portfolio risk and why diversification helps reduce risk in such a portfolio. (8)

(b) Discuss the three main approaches to security analysis: Economic Analysis, Industry Analysis, and Company Analysis. Explain how each approach contributes to making investment decisions. (10)

3. (a) Data given below corresponds to different states of economy, the probability of occurrence state and the expected return from Security A and Market in these states are given below :

State	Probability	Security A return (%)	Market return (%)
Recession	0.3	8	6
Normal	0.5	12	10
Boom	0.2	20	18

Calculate :

(i) Covariance between security A and Market.

(ii) Beta of Security A. (8)

(b) A 35-year-old investor is planning for retirement and estate planning. He has a moderate risk appetite and is confused between active and passive investment strategies. Prepare a basic investment plan for him, suggesting a suitable asset allocation model and key estate planning steps he should undertake (10)

4. (a) Explain the concept of asset allocation and its importance in wealth management. Discuss different asset allocation strategies for investors with varying risk profiles. (8)