SL No of QP:3046
Unique Paper Code: 2924002009
Name of the paper: Wealth Management
Course: Generic Elective
Semester: III
Duration: 3 hours
Max. Marks: 90
Instructions for Candidates

- Attempt any five questions.
- All questions carry equal marks.

Question 1

(a) Explain the key components of the wealth management process and evaluate how theyalign with the financial goals of an investor across different life stages. (8 Marks)

(b) Explain difference between direct and indirect investing in detail with the help of anexample. (10 marks)

Question 2

(a) The data given below corresponds to different states of economy ,the probability of occurrence of that state and the expected return from Security B and Market in these statesare given below:

State	Probability	Security B return (%)	Market return (%)
Recession	0.3	12	8
Normal	0.5	18	14
Boom	0.2	25	22

Calculate:
(i) Expected return of security B
(i) Correlation coefficient between security B and Market (8 marks)

(b) Explain the Efficient Market Hypothesis (EMH) and its three forms—weak, semi-strong,and strong. How does each form differ in terms of available information and market efficiency?

(10 marks)

Question 3

(a) Consider a portfolio consisting of two assets, Stock X and Stock Y. The following information is provided:

- **Stock X**: Expected return = 20%, Standard deviation = 22%
- **Stock Y**: Expected return = 12%, Standard deviation = 15%
- The correlation coefficient between Stock X and Stock Y is -0.3 The portfolio consists of 60% invested in Stock X and 40% in Stock Y.

(i) Calculate the expected return of the portfolio
(ii) Calculate the portfolio risk (8 marks)

(b) Discuss the differences between fundamental analysis and technical analysis of securities.
(i) Describe the important parameters for the fundamental analysis of securities.
(ii) Evaluate various tools and strategies for technical analysis of securities.

(10 Marks)

Question 4

(a) (i) How to achieve long-term financial security and the goal of a good retirement ?
(ii) Define Compounding and Asset Diversification. Critically evaluate their impact on the financial planning process of an individual. (8 marks)

(b) Differentiate between systematic risk and unsystematic risk for a portfolio. How to reduce systematic risk and unsystematic risk. Can systematic risk ever be eliminated fully, Justify. **(10 marks)**

Question 5

(a) Explain the different stages of an investor's life cycle. How do the investment objectivesand risk tolerance vary across these stages? (8 Marks)

(b) Explain the structure of the asset allocation pyramid. How do the three levels (foundation,growth, and speculative) reflect an investor's risk tolerance and financial priorities?
(10 Marks)

Question 6

(a) Discuss the impact of inflation and taxes on investment returns. How can an investor mitigate these effects? (8 Marks)

(b) Mr. Mohan invested Rs 50,000 in a fixed deposit scheme that provided an annual return of 8%. He falls under a tax bracket of 20% for income tax. The inflation rate during the yearwas 5%.

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

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

(10 marks)

Question 7

Write short notes on any three of the following: (3x6 = 18 Marks)

1. Estate Planning
2. EIC Framework
3. Technical indicators
4. Passive Index funds