D 6882-E

(Pages : 2)

Name.......................................

Reg. No....................................

THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2016

(CUCSS)

MC3E F (02)—SECURITY ANALYSIS AND PORT FOLIO MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer **all** *the questions.*
Each question carries 1 *weightage.*

1. Explain the importance of Investment.
2. What do you mean by Bond immunization ?
3. Define Moving Averages.
4. Define intrinsic value of security.
5. What is CML ?
6. State Treynor's index.

($6 \times 1 = 6$ weightage)

Part B

Answer any **six** *of the following.*
Each question carries 3 *weightage.*

7. "No investments is risk free". In view of this statement, Justify your view. Can this be eliminated *or* minimized ?
8. Discuss the wide array of investment avenues available in India. Also bring out the merits and demerits of each avenue.
9. Explain Bond Value Theorems with examples. Do you think that these theorems have any practical values ?
10. 'Economic forecasting is the heart of the economy analysis'. Comment and briefly explain various techniques of economic forecasting.
11. Technical Analysis is useful to predicting individual share price as well as the direction of the market as a whole'. Elaborate and illustrate.
12. Explain CAPM Theory and its validity in the Indian Stock Market.

Turn over

13. Describe the procedure developed by Markowitz for choosing the optimal portfolio of risky assets.

14. Describe the key steps involved in portfolio management.

(6 × 3 = 18 weightage)

Part C

Answer any **two** *of the following.*
Each question carries 6 *weightage.*

15. Compare and contrast Fundamental Analysis with Technical Analysis.

16. Define Optimal portfolio and explain the characteristics of an optimal portfolio in detail.

17. The following Information is provided regarding the performance of the funds namely Kotak Life Style funds, JM Finance Basic Funds and Standard Charted Premier Equity Fund for the period of 6 months ending Dec 2015. The Treasury bill rate is 7.5 %. Rank them with the help of Sharpe and Terynor Index and Discuss.

Fund Name	R_p	σP	β
Kotak Life Style funds ...	25.38	4.00	0.23
JM Finance Basic Funds ...	25.11	9.01	0.56
Standard Charted Premier Equity Fund ...	25.01	3.55	0.59

(2 × 6 = 12 weightage)

C 22703

Name...

Reg. No..

THIRD SEMESTER M.Com. DEGREE [PVT/SDE] EXAMINATION APRIL 2017

MC 3E (F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer **all** *the questions.*
Each question carries 2 *marks.*

1. What are the objectives of Investment ?
2. What is meant by Portfolio Management ?
3. What is Yield to Maturity ?
4. What is SML ?
5. What is Arbitrage Pricing Theory ?

(5 × 2 = 10 marks)

Part B

Answer any **four** *questions.*
Each question carries 10 *marks.*

6. Briefly explain Ethical Investing.
7. Describe CAPM.
8. Explain the process of Portfolio Analysis and Selection.
9. Explain methods used for measurement of risk and return.
10. Describe the Active and Passive Investment strategies.
11. Pricol Ltd. paid a dividend of Rs. 4 per share to equity shares of the company. The rate of dividend have been growing on annual rate of 85 and this growth rate is expected to continue. What is the present value of stock if the required rate of return is 14 %.

(4 × 10 = 40 marks)

Part C

Answer any **two** *questions.*
Each question carries 15 *marks.*

12. What are the approaches to Equity Analysis ?
13. M/S Tejas industries limited is now showing a dividend growth rate of 20 %. After 5 years, it's expected to slowdown and come to normal growth rate of 6 %. Its required rate of return is 15 % and its present dividend is Re. 0.50 per share. What is the current value of its stock ?
14. What are the different Portfolio Evaluation and Portfolio revision techniques ?

(2 × 15 = 30 marks)

10

C 31462

(Pages : 2)

Name..............................

Reg. No..............................

THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2017

(CUCSS)

MC 3E (F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer **all** *the questions.*
Each question carries 4 weightage.

1. Explain the objectives of Investment.
2. Define Zero Coupon Bond.
3. Define the industry life cycle stages.
4. What is point and figure chart ?
5. How is Beta computed using CAPM ?
6. What do you mean by risk aversion ?

(6 × 1 = 6 weightage)

Part B

Answer any **six** *of the following.*
Each question carries 3 weightage.

7. Explain the Characteristics of Investment. Elucidate if there will be a tradeoff between Risk and Return in Investments.
8. What factor should an Investor consider while making investment decisions ? Explain in detail.
9. Define Yield to Maturity and explain with suitable examples.
10. Fundamental analysis provides an analytical framework for rational investment decision-making. Explain.
11. How does RSI and ROC indicate the technical strength and weakness of stock price movement ?
12. Differentiate CML with SML.

Turn over

13. What are the advantages of adopting CAPM model in the portfolio management. How can securities be evaluated with the help of the CAPM theory ?

14. What are the constraints in portfolio revision ? Explain briefly.

(6 × 3 = 18 weightage)

Part C

Answer any **two** *of the following.*
Each question carries 6 *weightage.*

15. Explain Economic, Industry and Company Analysis in Detail.

16. Explain how the efficient frontier is determined using them Markowitz approach. What are the characteristics of assets that lies on the efficient frontier ? What are the strengths and weaknesses of the Markowitz approach ?

17. Consider the following information for two mutual funds :—

Mutual Funds	Mean Return	Standard Deviation	Beta
A	12	18	1.1
B	10	15	0.9
Market	11	17	1

The risk free rate was 6.0.

Calculate the Treynor and Jensen Measure.

(2 × 6 = 12 weightage)

D 41655 (Pages : 2 + 4 = 6)

Name.....................................

Reg. No..................................

THIRD SEMESTER M.Com. DEGREE [SDE] EXAMINATION, MAY 2018

Commerce

MC 3E (F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(2015 Admissions)

Time : Three Hours Maximum : 80 Marks

Part I (Descriptive Questions)

Part A

Answer **all** *the questions.*
Each question carries 2 *marks.*

1. What is "Investment Management' ?
2. What is meant by Portfolio Management ?
3. What is Efficient Market Hypothesis ?
4. What is Dematerialization ?
5. What is Technical Analysis ?

(5 × 2 = 10 marks)

Part B

Answer any **four** *questions.*
Each question carries 10 *marks.*

6. Briefly explain the functions of stock exchange.
7. Describe CAPM.
8. Explain the process of Portfolio Analysis and Selection.
9. Explain approaches to Equity Analysis.
10. Describe the purpose of fundamental analysis.
11. Hotel Leela paid a dividend of Rs.4 per share to equity shares of the company. The rate of dividend has been growing on annual rate of 85 and this growth rate is expected to continue. What is the present value of stock if the required rate of return is 14%.

(4 × 10 = 40 marks)

Part C

Answer any **two** *questions.*
Each question carries 15 *marks.*

12. Explain portfolio analysis and diversification of risk with illustration.

Turn over

13. The rate of return and risk for three growth oriented firms were calculated over the most recent 5 years and are listed below:

Growth firm	*Return from the portfolio (%)*	*Risk (%)*
X	15	16
Y	13	18
Z	12	11

Rank each firm by Sharpes index of portfolio performance if the risk free rate is 7 per cent.

14. What are the different types of bonds and how will you analysis risk in bonds ?

(2 × 15 = 30 marks)

D 41655 **(Pages : 4)** Name...

Reg. No...

THIRD SEMESTER M.Com. DEGREE [SDE] EXAMINATION, MAY 2018

Commerce

MC 3E (F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(Syllabus Year 2015)

[Admission Year 2016 onwards)

Time : Fifteen minutes Maximum : 20 Marks

Part II (Multiple Choice Questions)

Answer **all** *questions.*

All *questions are* **compulsory**.

1. A liquid asset may :

   (a) be converted into cash.

   (b) be converted into cash with little chance of loss.

   (c) not be converted into cash.

   (d) not be converted without loss.

2. A negatively-sloped yield curve suggests that ________.

   (a) short-term rates exceed long-term rates; and the Federal Reserve is following a tight monetary policy.

   (b) short-term rates exceed long-term rates, and the Federal Reserve is following an easy monetary policy.

   (c) long-term rates exceed short-term rates, and the Federal Reserve is following a tight monetary policy.

   (d) long-term rates exceed short-term rates, and the Federal Reserve is following an easy monetary policy.

3. What does the market price of a bond depend on ?

   (a) The coupon rate and terms of the indenture.

   (b) The coupon rate and maturity date.

   (c) The terms of the indenture, and maturity date.

   (d) The coupon rate, terms of the indenture, and maturity date.

Turn over

4. While bond prices fluctuate ?

   (a) yields are constant.

   (b) coupons are constant.

   (c) the spread between yields is constant.

   (d) short-term bond prices fluctuate even more.

5. If interest rates rise, the price of preferred stock ________.

   (a) is not affected. (b) rises.

   (c) falls. (d) may rise or fall.

6. Which of the following is true of municipal government debt ?

   (a) It pays more interest than corporate debt.

   (b) It is often purchased by individuals with high incomes.

   (c) It is exempt from estate taxation.

   (d) It is not subject to interest rate risk.

7. As the debt ratio increases ________.

   (a) fewer assets are debt-financed, and the ratio of debt-to-equity increases.

   (b) fewer assets are debt-financed, and the ratio of debt-to-equity decreases.

   (c) more assets are debt-financed, and the ratio of debt-to-equity increases.

   (d) more assets are debt-financed, and the ratio of debt-to-equity decreases.

8. What is a call ?

   (a) An option to sell stock at a specified price.

   (b) An option to buy stock at a specified price.

   (c) An option to sell stock on a specified date.

   (d) An option to buy stock on a specified date.

9. Which of the following is on the horizontal axis of the Security Market Line ?

   (a) Standard deviation. (b) Beta.

   (c) Expected return. (d) Required return.

10. You own a large orange grove and will be harvesting from November through April. To hedge against price risks you should ———.

    (a) sell orange juice contracts with a November delivery.

    (b) buy orange juice contracts with a November delivery.

    (c) sell orange juice contracts with delivery dates between November and April.

    (d) buy orange juice contracts with delivery dates between November and April.

11. Financial leverage may increase a corporation's risk because ________.

    (a) operating income may stabilize. (b) the firm has fixed obligations to meet.

    (c) more common stock is outstanding.(d) dividends must be paid.

12. Equity does NOT include ________.

    (a) cash and paid-in capital.

    (b) common stock and paid-in capital.

    (c) paid-in capital and retained earnings.

    (d) common stock, paid-in capital and retained earnings.

13. Corporate bond indenture agreements often specify each of the following EXCEPT :

    (a) bond call provisions.

    (b) sinking fund requirements.

    (c) restrictions on the corporation's divided payments.

    (d) assets on which debenture issues are collaterized.

14. Expected worth is the ________.

    (a) inverse of standard deviation.

    (b) correlation between a security.

    (c) same as discrete probability distribution.

    (d) weighted average of all possible outcomes.

15. Bondholders usually accept interest payments each :

    (a) 1 year. (b) six months.

    (c) 2 months. (d) 2 years.

16. A corporate bond is a corporation's write undertaking that it will refund a specific amount of money plus :

    (a) premium. (b) interest.

    (c) nothing. (d) security.

17. A price weighted index is an arithmetic mean of :

    (a) future prices. (b) current prices.

    (c) quarter prices. (d) none of these.

18. Most favourable portfolio is proficient portfolio with the :

    (a) lowest risk. (b) highest risk.

    (c) highest utility. (d) least investment.

19. Ambiguity introduced by way by which organization finances its investments is :

    (a) country risk.
    (b) liquidity risk.
    (c) financial risk.
    (d) business risk.

20. If generally interest rates in nation increase, a corporate bond with a fixed interest rate will usually :

    (a) increase in value.
    (b) remain unchanged.
    (c) decrease in value.
    (d) be returned to corporation.

D 52482 (Pages : 2) Name..................................

Reg. No...............................

THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2018

(CUCSS—PG)

M.Com.

Elective : Finance

MC 3E (F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(2015 Syllabus Year)

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *the questions.*
Each question carries 1 *weightage.*

1. What is investment activity ?
2. Who are conservative investors ?
3. What is random walk theory ?
4. What is bond ?
5. What is CAPM ?
6. What factors necessitate portfolio revision ?

(6 × 1 = 6 weightage)

Part B

Answer any **six** *of the following.*
Each question carries 3 *weightage.*

7. Discuss the features of investment avenues available in India. Also bring out the merits and demerits of each avenue.
8. Explain the different types of risk.
9. State Sharpe and Treynor's index.
10. Define Markowitz diversification. Explain the statistical method used by Markowitz to obtain the risk reducing benefits.
11. Economic forecasting is an integral part of fundamental analysis. Define the various methods to forecast the economy.
12. What is the Capital Assets Pricing Model ? Explain the assumption on which the CAPM based ?

Turn over

13. What is the difference between the SML and CML.

14. Enumerate the essential features of an investment programme.

(6 × 3 = 18 weightage)

Part C

Answer any **two** *of the following.*
Each question carries 6 *weightage.*

15. Consider two situations, a young man 'X' in early twenties and another young man ' Y' in late thirties. X and Y earn same amount of money. Mr. Y has a family, a house, a car and all the encumberances related with the marital status. Both of them like to invest in securities. What would be their constraints and objective of investments?

16. Define the efficient market hypothesis each of its three forms. What are its implication?

17. Under what conditions is it possible to construct a portfolio of two risky securities which ensures riskless return? Find the proportions of two securities in such a portfolio.

(2 × 6 = 12 weightage)

C 62211

(Pages : 6)

Name...

Reg. No.....................................

THIRD SEMESTER M.Com. DEGREE EXAMINATION, MAY 2019

M.Com.

Elective : Finance

MC 3E (F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(Syllabus Year 2015)

[Admission Year 2016 onwards]

Time : Fifteen Minutes

Maximum : 20 Marks

Part II (Multiple Choice Questions)

Answer **all** *questions.*

All questions *are* **compulsory.**

1. There appears to be a role for a theory of active portfolio management because :
   - (A) Some portfolio managers have produced sequences of abnormal returns that are difficult to label as lucky outcomes.
   - (B) The "noise" in the realized returns is enough to prevent the rejection of the hypothesis that some money managers have outperformed a passive strategy by a statistically small, yet economic, margin.
   - (C) Some anomalies in realized returns have been persistent enough to suggest that portfolio managers who identified these anomalies in a timely fashion could have outperformed a passive strategy over prolonged periods.
   - (D) (A) and (B).
   - (E) (A), (B) and (C).
2. The Treynor-Black model :
   - (A) Considers both macroeconomic and microeconomic risks.
   - (B) Considers security selection only.
   - (C) Is relatively easy to implement.
   - (D) (A) and (C).
   - (E) (B) and (C).
3. To improve future analyst forecasts using the statistical properties of past forecasts, a regression model can be fitted to past forecasts. The intercept of the regression is a ———— co-efficient, and the regression beta represents a ———— co-efficient.
   - (A) Bias, precision.
   - (B) Bias, bias.
   - (C) Precision, precision.
   - (D) Precision, bias.
   - (E) None of the above.

Turn over

4. A purely passive strategy is defined as :

   (A) One that uses only index funds.

   (B) One that allocates assets in fixed proportions that do not vary with market conditions.

   (C) One that is mean-variance efficient.

   (D) Both (A) and (B).

   (E) All of the above.

5. Consider these two investment strategies :

	Strategy 1 (%)	Strategy 2 (%)
Expected return	6	9
Standard deviation	0	4
Highest return	6	15
Lowest return	6	6

   Strategy ———— is the dominant strategy because ————.

   (A) 1, it is riskless.

   (B) 1, it has the highest reward/risk ratio.

   (C) 2, its return is at least equal to Strategy 1 and sometimes greater.

   (D) 2, it has the highest reward/risk ratio.

   (E) Both strategies are equally preferred.

6. The Treynor-Black model assumes that :

   (A) The objective of security analysis is to form an active portfolio of a limited number of mispriced securities.

   (B) The cost of less than full diversification comes from the non-systematic risk of the mispriced stock.

   (C) The optimal weight of a mispriced security in the active portfolio is a function of the degree of mispricing, the market sensitivity of the security, and its degree of non-systematic risk.

   (D) All of the above are true.

   (E) None of the above is true.

7. Consider the Treynor-Black model. The alpha of an active portfolio is 3%. The expected return on the market index is 18%. The standard deviation of the return on the market portfolio is 25%. The non-systematic standard deviation of the active portfolio is 15%. The risk-free rate of return is 6%. The beta of the active portfolio is 1.2. The optimal proportion to invest in the active portfolio is ————.

   (A) 50.0% (B) 69.4%

   (C) 72.3% (D) 80.6%

   (E) 100.0%.

8. According to the Treynor-Black model, the weight of a security in the active portfolio depends on the ratio of ———— to ————.

   (A) The degree of mispricing; the non-systematic risk of the security.

   (B) The degree of mispricing; the systematic risk of the security.

   (C) The market sensitivity of the security; the non-systematic risk of the security.

   (D) The non-systematic risk of the security; the systematic risk of the security.

   (E) The total return on the security; the non-systematic risk of the security.

9. One property of a risky portfolio that combines an active portfolio of mispriced securities with a market portfolio is that, when optimized, its squared Sharpe measure increases by the square of the active portfolio's :

   (A) Sharpe ratio.

   (B) Information ratio.

   (C) Alpha.

   (D) Treynor measure.

   (E) None of the above.

10. A purely passive strategy :

   (A) Uses only index funds.

   (B) Uses weights that change in response to market conditions.

   (C) Uses only risk-free assets.

   (D) Is best if there is "noise" in realized returns.

   (E) Is useless if abnormal returns are available.

11. A manager who uses the mean-variance theory to construct an optimal portfolio will satisfy :

(A) Investors with low risk-aversion co-efficients.

(B) Investors with high risk-aversion co-efficients.

(C) Investors with moderate risk-aversion co-efficients.

(D) All investors, regardless of their level of risk aversion.

(E) Only clients with whom she has established long-term relationships, because she knows their personal preferences.

12. Ideally, clients would like to invest with the portfolio manager who has :

(A) A moderate personal risk-aversion coefficient.

(B) A low personal risk-aversion coefficient.

(C) The highest Sharpe measure.

(D) The highest record of realized returns.

(E) The lowest record of standard deviations.

13. An active portfolio manager faces a tradeoff between :

I. Using the Sharpe measure.

II. Using mean-variance analysis.

III. Exploiting perceived security mispricings.

IV. Holding too much of the risk-free asset.

V. Letting a few stocks dominate the portfolio.

(A) I and II. (B) II and V.

(C) III and V. (D) III and IV.

(E) II and III.

14. To determine the optimal risky portfolio in the Treynor-Black Model, macroeconomic forecasts are used for the ———— and composite forecasts are used for the ————.

(A) Passive index portfolio ; active portfolio.

(B) Active portfolio, passive index portfolio.

(C) Expected return ; standard deviation.

(D) Expected return ; beta coefficient..

(E) Alpha coefficient ; beta coefficient.

15. The beta of an active portfolio is 1.45. The standard deviation of the returns on the market index is 22%. The non-systematic variance of the active portfolio is 3%. The standard deviation of the returns on the active portfolio is ———.

(A) 36.30%

(B) 5.84%

(C) 19.60%

(D) 24.17%

(E) 26.0%

16. Consider the Treynor-Black model. The alpha of an active portfolio is 1%. The expected return on the market index is 11%. The variance of return on the market portfolio is 6%. The non-systematic variance of the active portfolio is 2%. The risk-free rate of return is 4%. The beta of the active portfolio is 1.1. The optimal proportion to invest in the active portfolio is ———.

(A) 45%.

(B) 25%.

(C) 50%.

(D) 100%.

(E) None of the above.

17. Consider the Treynor-Black model. The alpha of an active portfolio is 3%. The expected return on the market index is 10%. The variance of the return on the market portfolio is 4%. The non-systematic variance of the active portfolio is 2%. The risk-free rate of return is 3%. The beta of the active portfolio is 1.15. The optimal proportion to invest in the active portfolio is ———.

(A) 48.7%.

(B) 98.3%.

(C) 51.3%.

(D) 100.0%.

(E) None of the above.

18. Consider the Treynor-Black model. The alpha of an active portfolio is 2%. The expected return on the market index is 12%. The variance of the return on the market portfolio is 4%. The non-systematic variance of the active portfolio is 2%. The risk-free rate of return is 3%. The beta of the active portfolio is 1.15. The optimal proportion to invest in the active portfolio is ———.

(A) 48.7%.

(B) 98.3%.

(C) 47.6%.

(D) 100.0%.

(E) None of the above.

19. Perfect timing ability is equivalent to having ———— on the market portfolio.

(A) A call option.

(B) A futures contract.

(C) A put option.

(D) A commodities contract.

(E) None of the above.

20. Kane, Marcus, and Trippi (1999) show that the annualized fee that investor should be willing to pay for active management, over and above the fee charged by a passive index fund, depends on :

I. The investor's coefficient of risk aversion.

II. The value of at-the-money call option on the market portfolio.

III. The value of out-of-the-money call option on the market portfolio.

IV. The precision of the security analyst.

V. The distribution of the squared information ratio of in the universe of securities.

(A) I, II, IV. (B) I, III, V.

(C) II, IV, V. (D) I, IV, V.

(E) II, IV, V.

C 62211 (Pages : 2 + 6 = 8)

Name...

Reg. No...

THIRD SEMESTER M.Com. DEGREE EXAMINATION, MAY 2019

M.Com.

Elective : Finance

MC 3E (F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(2015 Admissions)

Time : Three Hours Maximum : 80 Marks

Part I (Descriptive Questions)

Section A

Answer **all** *the questions.*
Each question carries 2 *marks.*

1. What is diversification ?
2. What is financial risk ?
3. What is YTM ?
4. What is SML ?
5. What is Beta ?

(5 × 2 = 10 marks)

Section B

Answer any **four** *questions.*
Each question carries 10 *marks.*

6. Explain Economy analysis.
7. What is investment ? What are the features of investment ?
8. There is a trade-off between "risk and return". Explain this statement.
9. Explain the weak form of the efficient market hypothesis. Describe the empirical tests used for testing the weak form efficiency.
10. Distinguish between SML and CML.
11. The earning per share of Wimbledon Ltd. is Rs. 1.50. The investors expect that a PE ratio of 32 is appropriate for this company. What should be the price of the share ? If the share is currently available for Rs. 45 or Rs. 50, should an investor buy ?

(4 × 10 = 40 marks)

Turn over

Section C

Answer any **two** *questions.*
Each question carries 15 *marks.*

12. What do you mean by a portfolio ? Explain the process of portfolio management.

13. Explain the approaches to equity analysis.

14. The following information is provided regarding the performance of the funds namely AX fund, BC fund and TB Fund value for a period of 6 months ending December 2016. The risk free rate of interest is assumed to be 9%. Rank them with the help of Sharpe Index and Comment.

Name of the fund	Return	Standard Deviation	B
AX Fund	25.38	4	0.23
BC Fund	25.11	9.01	0.56
TB Fund	25.01	3.55	0.59

(2 × 15 = 30 marks)

D 70896 (Pages : 2) Name..................................

Reg. No..................................

THIRD SEMESTER M.Com. DEGREE (REGULAR) EXAMINATION NOVEMBER 2019

M.Com.

MC3E(F)02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *the questions.*

Each question carries 1 *weightage.*

1. Distinguish between the financial and economic meaning of investment.
2. State any *four* sources of information for an investor.
3. Why do companies get their shares lited on the stock exchange ?
4. Write any two types of bonds.
5. What is point and figure chart ?
6. What is an efficient portfolio ?

(6 × 1 = 6 weightage)

Part B

Answer any **six** *of the following.*
Each question carries 3 *weightage.*

7. "Without adequate information the investor cannot carry out the investment programme"— Discuss.
8. What is portfolio diversification? How can efficient diversification be achieved ? Explain.
9. Explain the bond price theorem.
10. Write a short notes on CML and SML.
11. Discuss the relationship between fundamental analysis and efficient market hypothesis.
12. What is portfolio revision and portfolio selection ?

13. "Risk is inherent part of the investment activity, systematic risk can not be avoided; however non-systematic risk can be avoided". Explain.

14. Write the essential difference between the Sharpe's and Treynor's model of portfolio performance? Discuss in detail.

(6 × 3 = 18 weightage)

Part C

Answer any **two** *of the following.*
Each question carries 6 *weightage.*

15. Assume that you know for certain that the market is heading towards the boom period. Should you buy a common stock based upon this information ?

16. "Moving averages not only smoothern the data, but also predict the market". Discuss.

17. Explain the steps in portfolio constructions as per traditional approaches.

(2 × 6 = 12 weightage)

C 83220 (Pages : 2 + 3 = 5) Name..

Reg. No.....................................

THIRD SEMESTER M.Com. [PVT/SDE] DEGREE EXAMINATION APRIL/MAY 2020

M.Com.

Electives—Finance

MC 3E(F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(2016 Admission onwards)

Time : Three Hours Maximum : 80 Marks

Part I (Descriptive Questions)

PART A

Answer **all** *the questions.*
Each question carries 2 marks.

1. What do you mean by Investment ?
2. What is meant by Yield to Maturity ?
3. What do you mean by Dividend Discount Models ?
4. What is meant by Capital Asset Pricing Model ?
5. Write a short note on the Portfolio Management.

(5 × 2 = 10 marks)

PART B

Answer any **four** *questions.*
Each question carries 10 *marks.*

6. Explain in detail the Main Objectives of Investment.
7. What are the various Types of Bonds ?
8. What are the difference between Fundamental Analysis and Technical Analysis ?
9. A rise in the bond's price for a decline in the bond's yield is greater than the fall in the bond's price for a rise in the yield. Take a bond with a 10 per cent coupon rate, maturity period of five years, and a face value of Rs. 1,000. If the yield declines by 2 per cent, that is, to 8 per cent, then the bond price will be Rs. 1,079.87.

Turn over

10. Portfolio Return and Market Return :

Portfolio	R_P	β	R_f
A	15	1.2	5%
B	12	0.8	5%
C	15	1.5	5%
Market Index	12	1.0	5%

(i) To find out the Expected return on Portfolios A, B, C.

(ii) To find out the difference between the actual and expected return and compared with Portfolios A, B, C.

11. Explain in detail the Single Index Model.

(4 × 10 = 40 marks)

Part C

Answer any **two** *questions.*
Each question carries 15 *marks.*

12. Explain in detail various Investment Alternative Avenues in India.

13. Explain in detail the Fundamental Analysis.

14. The expected rates of return and the possibilities of their occurrence for Alpha company Scrips are given below :

Probability of occurrence	Return on Alpha's scrip	Return on Beta's scrip
0.05	–2.0	–3.0
0.20	9.0	6.0
0.50	12.0	11.0
0.20	15.0	14.0
0.05	26.0	19.0

a) Find out the expected rates of return for Alpha and Beta scrips.

b) If an investor invests equally in both the scrips what would be the return.

c) If the proportion is changed to 25% and 75% and then to 75% and 25%, what would be the expected rates of return.

(2 × 15 = 30 marks)

C 5212 **(Pages : 2 + 4 = 6)** **Name.......................................**

Reg. No...................................

THIRD AND FOURTH SEMESTER M.A./M.Sc./M.Com. DEGREE EXAMINATION, APRIL/MAY 2021

(PVT/SDE)

(CUCBCSS)

M.Com.

MC 3E (F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(2017 to 2018 Admissions)

Time : Three Hours Maximum : 80 Marks

Part A

Answer **all** *the questions.*
Each question carries 2 *marks.*

1. What is meant by security analysis ?
2. What is Interest rate risk ?
3. What do you mean by current yield ?
4. What do you mean by optimal portfolio ?
5. What is MACD ?

(5 × 2 = 10 marks)

Part B

Answer any **four** *questions.*
Each question carries 10 *marks.*

6. Explain Industry analysis.
7. What is Investment ? What are its objectives ?
8. Explain Sharpe Single Index Model.
9. Write a brief essay on the various types of charts used by chartist.
10. Explain Money market securities available for investment.

Turn over

11. PQR Ltd has just paid its annual dividend of Rs. 3 per share on the equity shares having face value of Rs.10. The dividend rate is expected to grow at the rate of 8 % p.a. forever. The company belongs to a risk-group for which the equity capitalization rate of 14 % is found to be consistent. What is the intrinsic value of the share ?

(4 × 10 = 40 marks)

Part C

Answer any **two** *questions.*
Each question carries 15 *marks.*

12. "Fundamental analysis provides an analytical framework for rational investment decision-making". Explain.

13. Describe the different phases of portfolio management.

14. The risk and return of two projects are shown below :

		A	B
Expected return	..	12 %	20 %
Risk	..	3 %	7 %

An investor plans to invest 80 % of his available funds in Project A and 20 % in Project B. The correlation coefficient between the returns of the project is + 1. Find out the risk and return of the portfolio of A and B.

(2 × 15 = 30 marks)

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