M COM DEGREE (CSS) EXAMINATION, MARCH 2023

Third Semester

Faculty of Commerce

CORE - CM010303 - SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

M.COM FINANCE AND TAXATION, M.COM FINANCE AND TAXATION (SF),M.COM MARKETING AND INTERNATIONAL BUSINESS (SF),M.COM MANAGEMENT AND INFORMATION TECHNOLOGY (SF), MASTER OF COMMERCE AND MANAGEMENT

2019 ADMISSION ONWARDS

1D04AB27

Time: 3 Hours   Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

*Weight **1** each.*

1. Write a short note on financial investments.

2. What is meant by investment policy?

3. Discuss the limitations of Industrial life cycle theory.

4. Write a short note on Random walk theory.

5. "The correlation coefficient of two securities is 1." Make a note on the statement.

6. Explain the relationship between borrowed money and construction of portfolio.

7. Explain why Risk-adjusted Returns methods are superior to Net Asset Value method.

8. What are the drawbacks of active portfolio revision strategies?

9. Annual dividend of share x is Rs. 7 and Y is Rs.8. The required rate of return is 10% and 12% respectively. What is worth today for both shares?

10. Calculate 3-day simple moving average using following figures. 30, 33, 36, 38,42,40,37,35,34,33

(8×1=8 weightage)

Part B (Short Essay/Problems)

*Answer any **six** questions.*

*Weight **2** each.*

11. Explain investment process.

12. Discuss the various types of unsystematic risk.

13. What do you mean by bonds? What are its features?

14. Differentiate fundamental analysis from technical analysis.

15. What are the various types of triangle patterns used in technical analysis?

16. Explain any three modern technical indicators used for technical analysis.

17. *The standard deviation of the market portfolio is 20 percent. Its expected return is 16% and the return on the risk free assets is 9%. If the investor allocates 60% of his funds for risky assets, what will be his expected return and Risk?*

18. Mr.X wants to decide between two mutual funds schemes X and Y from the financial reports. He is able to calculate the average returns and standard deviations for the funds. The current risk free rate of interest is 7%. Using the Sharpe's index compare the performance.

	X	Y
Average return	19	17
Standard deviation	21	16

(6×2=12 weightage)

Part C (Essay Type Questions)
*Answer any **two** questions.*
*Weight **5** each.*

19. Discuss the key economic variables that an investor must evaluate as part of fundamental analysis.

20. Write a note on various mathematical indicators used for technical analysis.

21. What do you mean by formula plans? Discuss various formula plans adopted by investors for portfolio revision .

22. *Mr.Ruke wants to construct an optimal portfolio, market return indicates that 15% for the next three years with the market variance of 12%. The risk free rate of return is 6%. Construct the optimum portfolio from the details of the stocks given below.*

Stock	Alpha	Beta	Unique Risk
A	2.21	.98	10.52
B	1.75	1.87	9.86
C	.48	.99	9.58
D	.31	1.25	4.19
E	-.15	.97	6.38

(2×5=10 weightage)