K19P 0129

Reg. No. : ....

Name : ....

IV Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, April 2019
(2014 Admission Onwards)
Elective – A : Finance
COM4E01 : SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time : 3 Hours Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (**A**), **3** marks for Part (**B**) and **5** marks for Part (**C**).

1. A) Define investment.

   B) Distinguish between investment and speculation.

   C) Discuss the different class of investment avenues in India.

2. A) What do you mean by dematerialization of securities ?

   B) What are the advantages and disadvantages of Demat system ?

   C) What do you understand by duration and bond immunization ?

3. A) Define Risk.

   B) Distinguish between systematic risk and unsystematic risk.

   C) Distinguish between standard deviation and beta as measures of risk.

4. A) What do you understand by formula plan ?

   B) How NAV of a mutual fund calculated ?

   C) Explain rupee cost averaging technique with a numerical example.

5. A) What do you mean by portfolio evaluation ?

   B) What are the different measures used for portfolio evaluation ?

C) Rank the following funds given below with the help of Treynor measure and Sharp measures.

Name of the fund	Returns %	Beta	Standard deviation
A	15	1.5	12
B	17	1.6	14
C	13	0.75	11
Risk free returns	9	–	–

Market return is 12%.

6. A) What do you mean by market breadth analysis ?

B) Explain the term Relative Strength Index.

C) What are the different line chart patterns used by market analysts to predict future price ?

SECTION – B

Answer the following questions. **Each** question carries **12** marks.

7. A) The following information is given in respect of two securities.

Expected returns of Security X	Probability	Expected returns of security Y	Probability
12%	0.4	10%	0.5
15%	0.2	14%	0.2
18%	0.2	16%	0.2
20%	0.2	18%	0.1

Compute the following :

a) Expected returns of security X and Y.

b) Expected risks of X and Y.

c) Coefficient and correlation between the returns of the securities.

d) Portfolio return and risk if these securities are mixed at 50% each.

OR

B) Discuss Markowitz's efficient frontier theory of portfolio formation.

8. A) A company is paying a fixed dividend of Rs. 2 per share without any change. The dividend is expected to grow at 8% for ever. What is the value of the share if the required rate of return to the investor is 12% ? What is the value if the RRR is 15% and 18% ?

OR

B) Distinguish between fundamental analysis and technical analysis.