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**IV SEMESTER M.COM EXAMINATIONS APRIL 2018**

**SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**

**Duration: 2.5 Hours**

**Max. Marks: 70**

**SECTION – A**

**I) Answer any EIGHT of the following questions. (8x2=16)**

1. What is meant by Investment?
2. What is CML?
3. What is Beta?
4. Write short notes on Risk- Free Return?
5. What is Technical Analysis?
6. State any four macro economic Indicators considered for Economic Analysis
7. What do you understand by Market return?
8. What is Active Strategy?
9. What is Option?
10. What is meant by Technical Analysis?
11. Write short notes on Random walk Theory?
12. Write short notes on Nifty?

**SECTION – B**

**II) Answer any THREE of the following questions. (3x8=24)**

13. State Efficient Market Hypothesis and its implications?
14. Explain the steps involved in Portfolio Management Process?
15. Distinguish between Systematic and Unsystematic Risks
16. Explain the kinds of Derivatives?

17. The following results were obtained from a study for a period of six months in 2017

	$R_p$	$\sigma_p$	$\beta$	$\alpha$
Balanced Fund	25.38	4	.23	.69
Small and Mid cap Fund	36.28	6.86	.52	2.18
Infra fund	45.56	4.31	.63	1.80
Nifty	36.74	3.69	1.00	1.50
$R_f$	9			

Rank the performance of the funds according to Sharpe Index, Treynor

Index and Jensen's performance measure.

**SECTION – C**

**III) Answer any ONE of the following questions. (1x15=15)**

18. Explain Markovitz portfolio theory and Efficient Frontier and its implications??

19. Distinguish between CAPM theory and APT ?

20. The rates of return on the Security of company a and market portfolio for 10 periods are given below:

Period	Return of Security A (%)	Return on Market portfolio (%)
1	18	22
2	20	20
3	24	18
4	26	16
5	18	20
6	-5	8
7	17	-6
8	19	5
9	-7	6
10	20	11

(a) What is the beta of Security A?

(b) What is the characteristic line for security A?

c) what would be the return of A, when return of Market portfolio is 24%

**SECTION – D**

**IV) Analyze the case and answer the questions. (1x15=15)**

21. Given below are the likely returns in case of shares of VCC Ltd. and LCC Ltd. in the various economic conditions. Both the shares are presently quoted at Rs. 100 per share.

Economic Conditions	Probability	Returns of VCC Ltd.	Returns of LCC Ltd.
High Growth	0.3	100	150
Low Growth	0.4	110	130
Stagnation	0.2	120	90
Recession	0.1	140	60

Which of the two companies are risky investments?

