Manimegk

Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)
Re-accredited with 'A+' Grade by NAAc. Recognised by UGC Under Section 12B
Coimbatore - 641 043, Tamil Nadu, India

Master's Degree Examination – June 2021
IV Semester

Class : II M.Com **Time: 3 hours**
Major : Commerce (Computer Applications) **Max. Marks: 100**

17MCCC23 Security Analysis and Portfolio Management

Part A **10 x 1 =10**
Choose the correct answer

1. Identify the financial investment from the following. K1
   a. Share b. Farm house c. Car d. T. V. Set

2. Select the tax saving investment from the following. K1
   a. Fixed deposit b. Shares c. PPF d. Post office saving

3. The fundamental analysis is a method of finding out …… K3
   a. Ratio b. Value of shares c. Tips d. Future price of security

4. Modern portfolio theory …….. the relationship between risk and return K1
   a. Maximizes b. Minimizes c. Quantifies d. Does not assume

5. A price weighted index is an arithmetic mean of…… K1
   a. Future prices b. Current prices c. Quarter prices d. None of these

6. When an investment provides a 3% return semi-annually, its effective annual rate is:---- K2
   a. 3% b. 6% c. 6.06% d. 6.09%

7. A statistic that measures how the returns of two risky assets move together is:…. K1
   a. Correlation b. Standard deviation c. Covariance d. Variance

8. Identify a well-diversified portfolio from the following ……. K2
   a. Market risk is negligible b. Systematic risk is negligible
   c. Unsystematic risk is negligible d. None of these

9. Rate of return should be _____ than the rate of inflation K3
   a. Lower b. Higher c. Neutral d. None of the above

10. The process of addition of more assets in an existing portfolio is called..... K1
    a. Portfolio revision b. Portfolio addition
    c. portfolio exchanging d. none of these

Part B **5 x 6 = 30**

Answer ALL questions

Each answer should not exceed 400 words or two pages

11.a. Describe the different types of Investment. K2

(or)

11.b. Explain the various methods of measuring different types of Risks. K4

12.a. Enumerate the account of various participants in financial market. K1

(or)

12.b. Discuss different methods of floating new issues. K2

13.a. Examine the significance of Economic forecasting and Stock Investment decisions. K1

(or)

13.b. Analyze the different Applied Valuation Techniques. K2

14.a. Discriminate the significance in the process of portfolio management. K5

(or)

14.b. Substantiate the need for portfolio revision. K4

15.a. Calculate the portfolio variance and standard deviation for a portfolio having the following characteristics: K3

Securities	Return(percent)	Std deviation	Proportion of investment
P	30	12	0.2
Q	15	8	0.3
R	35	16	0.5
Correlation coefficients: P and Q=0.8; P and R=0.2; Q and R=0.5			

(or)

15.b. Compare and contrast the differences between Markowitz model and Sharpe Single Index model. K4

Part C **5 x 12 = 60**

Answer ALL questions

Each answer should not exceed 800 words or four pages

16.a. Explain the various investment alternatives available today in detail. K4

(or)

16.b. “Indian stock market attracts the Foreign Institutional investors due to the different investment instrument available” discuss. K2

17.a. A company has a book value per share of Rs. 137.80. Its return in equity is 15% and it follows a policy of retaining 60% of its earnings. If the opportunity cost of capital is 18%, what would be the price of the share today? K3

(or)

17.b. How will you measure the risk of an assist, if it is held as a single security and how this measure will change if the same asset is held as a part of a bigger portfolio? Explain the concept of diversification with a suitable example. K6

18.a. What are the important points to be considered while doing fundamental analysis? Is Technical analysis a substitute for fundamental analysis? Explain. K2

(or)

18.b. A stock costing Rs. 125 pays no dividends. The possible prices that the stock might sell for at the end of the year with the respective probabilities as follows: K3

Price(Rs)	Probability
115	0.1
120	0.1
125	0.2
130	0.3
135	0.2
140	0.1

1. Calculate the expected return.
2. Calculate the standard deviation of returns.

19.a. What is portfolio evaluation? Evaluate its significance in the process of portfolio Management. K5

(or)

19.b. Define Markowitz diversification and also analyse the statistical method used by Markowitz to reduce the risks. K6

20.a. Assess the Jensen index of portfolio performance. K4

(or)

20.b. The following three portfolios provide the particulars given below K3

Portfolio	Average annual return	Standard deviation	Correlation coefficient Market and portfolio
A	18	27	0.8
B	14	18	0.6
C	15	8	0.9
Market	13	12	-

Risk free rate of interest is 9 %.

i) Rank these portfolios using Sharp's and Treynor's methods.

ii)Compare both the indices.