M. COM DEGREE END SEMESTER EXAMINATION : MARCH 2023
SEMESTER 4 : COMMERCE
COURSE : **21P4COMT20EL** : SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT
(For Regular - 2021 Admission)

Duration : Three Hours   Max. Weights: 30

PART A
Answer any 8 questions   Weight: 1

1.	What is the difference between expected return and realised return?	(An, CO 1)
2.	Expand and define EMA.	(U, CO 3)
3.	What do you mean by Intrinsic value of a Security?	(U, CO 2)
4.	What is the difference between feasible portfolio and efficient portfolio?	(E, CO 4)
5.	What are the types of Trend analysis used in Dow Theory?	(U, CO 4)
6.	What do you mean by efficient frontier?	(Cr)
7.	What is residual analysis?	(U, CO 3)
8.	What is Sharpe ratio?	(U, CO 5)
9.	What is top down and bottom up approach of fundamental analysis?	(U, CO 2)
10.	What is long buy?	(U, CO 1)

(1 x 8 = 8)

PART B
Answer any 6 questions   Weights: 2

11.	Explain barometric approach in economic forecasting.	(U, CO 2)
12.	What are the empirical tests of weak form of market efficiency?	(A, CO 3)
13.	Compare and contrast CML and SML.	(E, CO 5)
14.	What are the factors to be considered in portfolio construction?	(U, CO 1)

15. A security pays a dividend of Rs. 3.85 and sells currently at Rs.83. The security is expected to sell at Rs. 90 at the end of the year. The security has a beta of 1.15. The risk free rate is 5 per cent and the expected return on market index is 12 per cent. Assess whether the security is correctly priced.   (A, CO 5, CO 6)

16. Describe the sharpe single Index Model. How do you interpret α and β parameters in the model?   (U)

17. Explain Event Study Methodology.   (U, CO 3)

18. An investor owns a portfolio of four securities with the following characteristics

Security	Beta	Random error (standard deviation) (per cent)	Proportion
1	0.79	12	0.25
2	1.85	8	0.30
3	1.05	17	0.15
4	0.82	20	0.30

(A, CO 4, CO 6)

Calculate the portfolio risk, assuming the standard deviation of returns on market index to be 16 per cent.

(2 x 6 = 12)

PART C
Answer any 2 questions   **Weights: 5**

19. Illustrate graphically how CAPM can be used for assessing Whether a Security is underpriced, overpriced or correctly priced.   (E)

20. The following data are available to you as portfolio manager

Security	Estimated return (per cent)	Beta	Standard deviation (per cent)
A	30	2.0	50
B	25	1.5	40
C	20	1.0	30
D	11.5	0.8	25
E	10.0	0.5	20
Market index	15	1.0	18
Govt security	7	0	0

(A, CO 4, CO 6)

    a. In terms of the security market line , which of the securities listed above are underpriced?

    b. Assuming that a portfolio is constructed using equal proportions of the five securities listed above, calculate the expected return and risk of such a portfolio.

21. Differentiate current yield and coupon rate. Explain using examples as to how current yeild differs depending upon issue price?   (An, CO 2)

22. "The Elliot wave Theory is based on the principle that action is followed by reaction". Elucidate.   (U)

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 1	After successful completion of the course students are expected to understand the investment avenues and make better decisions in investment	U	1, 10, 14	4
CO 2	Ability to analyse Securities and Portfolios i.e., Risk and Return and Different models of Risk Return analysis	An	3, 9, 11, 21	9
CO 3	Understanding the types of risk in security market and methods to reduce risk	E	2, 7, 12, 17	6
CO 4	Using various tools and enable to take investment decisions after understanding market efficiency How to select revise and evaluate portfolios and also to apply various tools for the valuation of bonds	E	4, 5, 18, 20	9
CO 5	Study of modern portfolio techniques helps to construct efficient portfolios Revising constructed portfolios as per risk and return association by using different strategies.	A	8, 13, 15	5
CO 6	Advanced Problems solving in Technical Analysis, Share valuation, Bond Valuation, Portfolio construction Revision and Evaluation	A	15, 18, 20	9

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;