M. COM DEGREE END SEMESTER EXAMINATION - MARCH 2024
SEMESTER 4 - COMMERCE
COURSE : **21P4COMT20EL - SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**
(For Regular - 2022 Admission and Supplementary - 2021 Admission)

Duration : Three Hours   Max. Weights: 30

PART A
Answer any 8 questions   Weight: 1

1.	Why there arise a need for portfolio revision?	(An, CO 5)
2.	What is the significance of diversification in portfolio management?	(U, CO 4)
3.	What are Good - Til - Cancelled order?	(U, CO 1)
4.	What do you mean by Leading Indicators?	(U, CO 2)
5.	What is optimal portfolio?	(U, CO 4)
6.	Expand and define CML.	(U, CO 5)
7.	What is interest rate risk?	(U, CO 2)
8.	What is odd lot index?	(U, CO 3)
9.	Why is Random Walk Theory later came to be known as Efficient Market Hypothesis?	(U, CO 3)
10.	What is meant by mispricing of securities?	(E, CO 1)

(1 x 8 = 8)

PART B
Answer any 6 questions   Weights: 2

11.	Briefly explain Dow theory of technical analysis.	(U, CO 3)
12.	Why is closing price more important than other prices?	(An, CO 3)
13.	The return from net selectivity may be negative- explain.	(An, CO 5)
14.	Consider a portfolio composed of five securities. All the securities have a beta of 1.0 and unique or specific risk (standard deviation) of 25 per cent. The portfolio distributes the weight equally among its component securities. If the standard deviation of the market index is 18 per cent, calculate the total risk of the portfolio.	(A, CO 4, CO 6)
15.	Briefly explain the two methods used for calulating β?	(U, CO 1)
16.	Compare and contrast yield to call and yield to maturity.	(E, CO 2)
17.	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)
18.	Explain efficient frontier with lending and borrowing by drawing a diagram.	(An, CO 4)

(2 x 6 = 12)

PART C
Answer any 2 questions   Weights: 5

19.	Give a brief explanation on how the return and risk are estimated for the purpose of company analysis.	(An, CO 2)
20.	Explain different types of charts used in technical analysis.	(U, CO 3)

21. Describe the major constraints in portfolio revision . Also distinguish active revision strategy and passive revision strategy. (E, CO 5)

22. How is calculation of return and risk in a portfolio with two securities different from that of a portfolio with more than two securities. Explain using suitable examples and formula. (E, CO 4)

(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	3, 10, 15	4
CO 2	Ability to analyse Securities and Portfolios i.e., Risk and Return and Different models of Risk Return analysis	An	4, 7, 16, 19	9
CO 3	Understanding the types of risk in security market and methods to reduce risk	E	8, 9, 11, 12, 20	11
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	2, 5, 14, 18, 22	11
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	1, 6, 13, 17, 21	11
CO 6	Advanced Problems solving in Technical Analysis, Share valuation, Bond Valuation, Portfolio construction Revision and Evaluation	A	14, 17	4

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