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CM 505

III Semester M.Com. Degree Examination, December 2018
(Choice Based Credit System)
COMMERCE (Repeater) (Old Scheme)
Optional : Financial Management and Investment Science (FMAIS)
Security Analysis and Portfolio Management – I

Time : 3 Hours

Max. Marks : 70

SECTION – A

- Note :** a) Answer **any four** questions. **(4×10=40)**
b) **Each** question carries **10** marks.
c) Answer to **each** theory question should **not** exceed **four** pages.

1. What are Investment Avenues ? Explain the process used for investment by the investors.
2. Examine various types of charts employed by technical analysts in security selection.
3. Critically examine the usefulness of efficient market hypothesis in financial decisions.
4. Discuss different investment risks and explain methods of their computation.
5. Explain 'Bond Pricing Theorems' with suitable examples.
6. Describe the functions of primary and secondary markets in India.
7. Define Indices. Explain the sensex calculation methodology.

P.T.O.



SECTION – B

- Note :** a) Answer **any two** questions. **(2×15=30)**
 b) **Each** question carries **15** marks.
 c) Answer to **each** theory question should **not** exceed **seven** pages.

8. a) Which stock do you consider more risky ? Why ? Use Standard Deviation.

Date	Sail	Tata Steel
Jan. 14	184.65	82.8
Feb. 14	172.35	76.00
Mar. 14	206.00	96.45
Apr. 14	238.05	109.3
May 14	406.3	172.85
June 14	390.8	151.1
July 14	462.7	175.45
Aug. 14	424.3	162.55
Sep. 14	510.35	170.75
Oct. 14	471.6	164.5
Nov. 14	575.4	197.25
Dec. 14	617.6	240.65

b) Stocks X and Y display the following returns over the past 3 years :

Year	Return	
	X	Y
2012	14	12
2013	16	18
2014	20	15

- What is the expected return on portfolio made up of 40% X and 60% Y ?
- What is the standard deviation of each stock ?
- Determine the correlation co-efficient of stock X and Y ?
- What is the portfolio risk of a portfolio made up of 40 % X and 60% Y ?



9. a) From the following data, find Alpha and Beta of equity stock of Babbar Ltd. :

Period	% Returns of Equity Shares of Babbar Ltd.	% of Returns of Market Portfolio
1	30	35
2	28	30
3	25	18
4	20	15
5	24	20
6	10	11
7	3	-10

b) The following data is available for a bond :

Face value Rs. 1,000

Coupon rate 16% payable annually

Years to maturity 6 years

Redemption value Rs 1000

Current market price Rs 964.5

What is the yield to maturity, duration, and volatility of this bond ?

10. Explain the following :

- a) SEBI
 - b) Stock Market Operation
 - c) Mutual Funds.
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