K20P 0143

Reg. No. : .....

Name : .....

IV Semester M.Com. Degree (CBSS-Reg./Suppl./Imp.) Examination, April 2020
(2014 Admission Onwards)
Elective – A : FINANCE
COM4E01 : Security Analysis and Portfolio Management

Time : 3 Hours Max. Marks : 60

SECTION – A

Answer **any four** questions. **Each** question carries **1** mark for Part – **A**, **3** marks for Part – **B** and **5** marks for Part – **C**.

1. A) Define a financial asset.
   B) What is new issue market ?
   C) What are the methods of floating new issues ?
2. A) Define a portfolio.
   B) What is an efficient portfolio ?
   C) Explain various portfolio revision strategies.
3. A) What is CAPM ?
   B) Explain SML and CML.
   C) 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 and risk free rate is 5% and expected return on market index is 12%. Calculate excepted return and estimated return of the security as per CAPM formula.

P.T.O.

4. A) What is Random walk theory ?

   B) Explain Elliot wave theory.

   C) Explain efficient market hypothesis.

5. A) What is listing of securities ?

   B) What is stock market indices ?

   C) What are the functions of a stock exchange ?

6. A) Define the term Bond.

   B) What are the components of Bond returns ?

   C) An investor purchases for Rs. 5,555, a zero coupon bond whose face value is Rs. 7,000 and maturity period is 3 years. Calculate the spot interest rate of the Bond. **(4×9=36)**

SECTION – B

Answer the following questions. **Each** question carries **12** marks.

7. A) You have decided to purchase 500 shares of an IT company with the intention of selling out at the end of 5 years. You estimate that the company will pay Rs. 3.50 per share as dividends for the first two years and Rs. 4.50 per share for the next three years. You further estimate that, at the end of the 5 year holding period, the shares can be sold for Rs. 85. What would you be willing to pay today for these shares if your required rate of return is 12% ?

   OR

   B) Define fundamental analysis. What are the economic variables to be considered by an investor as part of fundamental analysis ?

8. A) Given the following information :

	Portfolios			
	A	B	C	D
Beta	1.10	0.8	1.8	1.4
Return (percent)	14.5	11.25	19.75	18.5
Standard deviation (percent)	20.0	17.5	26.3	24.5

Risk free rate of return = 6%

Market return = 12%

Calculate :

a) Sharpe ratio

b) Treynor ratio

c) Jensen ratio.

OR

B) What is technical analysis ? What are price charts ? Describe different types of price charts used by technical analysts. **(2×12=24)**