**M.Com. 3rd Semester**

# SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

**Paper—MC-311**

Time Allowed—3 Hours]      [Maximum Marks—100

**Note :—** (1) Answer any *ten* questions from Section A. Each question carries **2** marks.

(2) Answer any *four* questions from Section B and C, selecting *two* questions from each Section. Each carries **20** marks.

## SECTION—A

1. Briefly answer the following :

(a) Debenture

(b) Price to earnings ratio

(c) SWOT analysis

(d) Bar chart

(e) Systematic Risk

(f) Arbitrage Pricing Theory

(g) Portfolio Risk

(h) Strong form of market efficiency

(i) If US Federal Reserve Bank increases its interest rate by 50 basis points, what will be its impact on Indian stock markets ?

(j) What is alpha in a single index model ?

(k) Industry Life Cycle

(l) Find the current yield of a 10 year, 12% coupon debenture having face value of Rs. 1,000 and selling for Rs. 960. 10×2=20

## SECTION—B

2. Discuss the role of various participants in the capital market. 20

3. Discuss various factors which you will consider before investing in a banking stock. 20

4. What is technical analysis ? What are its assumptions ? Discuss various types of charts.

3+7+10=20

5. Explain various sources for obtaining financial information. 20

## SECTION—C

6. Compare random walk theory, technical analysis and fundamental analysis. 20

7. Discuss various issues involved in portfolio construction. 20

8. Discuss single index model with the help of suitable example. 20

9. A portfolio manager is currently examining the following data related to two securities that may be used to construct a portfolio :

|  | Security X | Security Y |
|---|---|---|
| Expected Return | 15% | 8.20% |
| Standard Deviation | 22% | 13% |

The correlation among these two securities is –0.3. Calculate the portfolio return and risk, if the manager invests :

(A) 60% of assets in security X and the balance of assets in security Y.

(B) 40% of assets in security X and the balance of assets in security Y.

(C) Only 80% of assets in security X and holds the balance in cash.

(D) Only 75% of assets in security Y and holds the balance in cash. 20