

M.Com. Semester-III

**MC-311 : SECURITY ANALYSIS AND PORTFOLIO
MANAGEMENT**

Time Allowed—3 Hours]

[Maximum Marks—100

- Note :—** (1) Answer any **TEN** questions from Section A.
Each carries 2 marks.
- (2) Answer any **FOUR** questions from Sections
B and C, selecting **TWO** questions from each
Section. Each carries 20 marks.

SECTION-A

I. Answer briefly :

- (a) Define the term Investment.
- (b) Name various avenues of Investment in India.
- (c) Explain any two Market Sentiment Indicators.
- (d) What do you understand by P/E Ratio ?
- (e) List various stages of Industry Life Cycle.
- (f) Dow Theory.

- (g) Explain the term Arbitrage.
- (h) What is Unsystematic Risk ? Give examples.
- (i) Define Beta according to Single Index Model.
- (j) List any four tools used for Portfolio Evaluation.
- (k) Debenture Vs. Bond.
- (l) Single Index Model. 2×10=20

SECTION-B

II. Write short notes on :

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- (a) Financial Assets
- (b) Economic-Industry-Company analysis for Investment Decision.

III. Discuss the role of Capital Market in Economic Development in India.

IV. Explain various types of charts and the patterns used in technical analysis.

V. Using the following Data, which debenture would you suggest to the investors and why ?

Particulars	Debenture A	Debenture B	Debenture C
Face Value (in Rs.)	500	1000	100
Coupon Rate	12.75%	12.25%	12.50%
Current Market Price (in Rs.)	495	975	98.25
Maturity Date	31 March 2016	31 March 2016	31 March 2016
Current Date	01 April 2015	01 April 2015	01 April 2015
Last Date of Interest Payment	31 March 2015	31 March 2015	31 March 2015
Next Date of Interest Payment	31 March 2016	31 March 2016	31 March 2016
Credit Rating	AA	AA	AA

SECTION-C

VI. Discuss the theory of Efficient Market Hypothesis.

VII. Discuss the various issues in Portfolio Construction.

VIII. The following portfolios are being considered for Investment. During the period under consideration, Risk Free Rate was 0.07 :

Portfolio	Return	Beta	Standard Deviation
P	0.15	1.0	0.05
Q	0.20	1.5	0.10
R	0.10	0.6	0.03
S	0.17	1.1	0.06
Market	0.13	—	0.04

Compute the Sharpe and Treynor measure for each portfolio and the market portfolio. Also, interpret the results.

IX. Two securities X and Y are considered for Investment. Compare risk and return of the portfolio assuming the two securities, whose correlation coefficient of returns is -0.84 , are combined in the following proportions in the portfolio :

- (a) 10 : 90
- (b) 25 : 75
- (c) 50 : 50
- (d) 75 : 25

The historical risk-return of the two securities is as follows :

Security	Standard Deviation (%)	Return (%)
X	20	15
Y	30	20

$2 \times 20 = 40$