



Register Number:

Date: 21/11/2020

ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27

M.Com – III SEMESTER

SEMESTER EXAMINATION: NOVEMBER 2020

MCODEF 9318 – COMMERCE

Subject: SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time- 2 1/2 hrs

Max Marks-70

This paper contains 2 printed pages and four parts

Section A

Answer any ten of the following

(10*2 marks=20)

1. What does credit rating agencies mean?
2. State any 4 objectives of investment.
3. What is Random walk theory?
4. State the main difference between CAPM and APT.
5. Can arbitrage exist forever in the market?
6. What components should be studied while doing company analysis?
7. What is technical analysis?
8. What is EIC analysis?
9. What is meant by Mutual fund?
10. What is portfolio insurance?
11. Name any 4 types of Mutual fund.
12. What is portfolio revision?

Section B

Answer any three of the following

(3*5 marks=15)

13. Pearl and Diamond are the two mutual funds. Pearl has a mean return of 0.15 and Diamond has 0.22. The beta for pearl fund is 1.5 and for diamond is double that of pearl. The standard deviations of Pearl and Diamond funds are 15% and 21.43%. The risk-free rate is 8%. Compute the Treynor and Sharpe Indices for the funds. Interpret the results.
14. Estimate the stock returns by using the CAPM model. The particulars are as follows: The expected return of the market is 15% and the equity's beta is 1.2. The risk free rate of interest is 8%.
15. Differentiate between Investment and Speculation.
16. Discuss the different trends given in the Dow theory.
17. Brief out need and constraints of portfolio revision.

Section C

Answer any two of the following

(2*10 marks=20)

18. "The investment process involves a series of activities starting from the policy formulation". Discuss.
19. What are the three forms of market efficiency? State their implications.
20. The daily prices of the Shaji Auto stock and the index for the period 5th October 2018 to 16th October 2018.

Date	Index (X)	Shaji Auto (Y)
Oct 5 th	904.95	597.80
6 th	845.75	570.80
7 th	874.25	582.95
8 th	847.95	559.85
9 th	849.10	554.60
12th	835.80	545.10
13th	816.75	519.15
14th	843.55	560.70
15 th	835.55	560.95
16th	839.50	597.40

Calculate the beta and alpha.

Section D

Compulsory Question

(1*15 marks=15)

21. Stock Wipro and Infosys have yielded the following returns for the past two years.

Years	Return (%)	
	Wipro	Infosys
2018	12	14
2019	18	12

- a. What is the return on a portfolio made up of 60% of Wipro and 40% of Infosys?
- b. Find the standard deviation of each stock
- c. What is the covariance and co-efficient of correlation between stock Wipro and Infosys?
- d. What is the portfolio risk made up of 60% of Wipro and 40% of Infosys?

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