

M.Com 2nd Semester Examination, 2021
Sub: Security Analysis and Portfolio Management
Paper: 2056

Time: 3 hrs.

Maximum Marks: 80

1. Answer any eight of the following questions in about 50-75 words each: (5X8=40)

- a. What is meant by 'investment'?
- b. Discuss the relevance of risk in security analysis.
- c. What is systematic risk?
- d. How are security indices useful in investment analysis?
- e. Write a short note on Economic analysis.
- f. What are support and resistance level?
- g. State the meaning of passive revision strategy in portfolio management.
- h. What is a financial derivative?
- i. A share with a face value of ₹10 is currently selling for ₹75. The company is expected to pay a dividend 50 percent at the end of the year. It is reliably estimated that the share will sell for ₹90 at the end of the year. Assuming that the dividend and price estimates are accurate would you recommend buying the share if the required rate of return is 10 percent? Justify your answer by giving the detail calculations.
- j. Calculate the Expected Return for the stock from the information provided on the probability distribution for the returns.

State	Return	Probability
1	5%	20%
2	10%	30%
3	15%	30%
4	20%	20%

2. Answer any four questions in about 100-150 words each: (10X4=40)

- a. Discuss the weighted average method of constructing security index.

- b. An investor can not consistently earn super return by undertaking technical analysis. Discuss.
- c. How does Capital Asset pricing Model (CAPM) help in the construction of an optimum portfolio?
- d. Explain the features of active portfolio management.
- e. From the following information, calculate Sharpe ratio and compare the performance of the portfolios.

	Portfolio X	Portfolio Y
Beta	1.3	0.9
Return in %	15	12
Standard Deviation (%)	18	12

- f. How is a 'future' superior to a 'forward'?
