SAPM-MCOM4-A19

ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)

IV SEMESTER M.COM EXAMINATIONS - APRIL 2019

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Duration: 2.5 Hours

SECTION - A

I) Answer any EIGHT of the following questions.

- 1. Define Share Warrant.
- 2. What is systematic risk? Give one example for systematic risk.
- 3. An investor purchases a bond at Rs.850 with Rs.100 coupon payment and sells it at Rs.1000 .What is his holding period return?
- 4. What do you mean by financial assets?
- 5. What is hedging?
- 6. What is the importance head and shoulder pattern?
- 7. Give the meaning of efficient frontier.
- 8. State the any two objective of modern portfolio.
- 9. Define the term 'investment 'under the economic and financial perspective.
- 10. What do you mean by speculation?

SECTION - B

II) Answer any THREE of the following questions.

- 11. What are the various forms of investment alternatives? Give a detailed account for any five.
- 12. What is the difference between fundamental and technical analysis?
- 13. Calculate the expected return and the standard deviation of return for a stock having the probability distribution of returns.

Possible returns in per cent	Probability
-25	0.05
-10	0.10
0	0.10
15	0.15
20	0.25
30	0.20
35	0.15

- 14. Differentiate between Futures and Forward Contract.
- 15. Write Short notes on
 - a) Arbitrage Pricing Theory (APT) (4 Marks)
 - b) Capital Assets Pricing Model (CAPM) (4 Marks)

(3x8=24)

(8x2=16)

Max. Marks: 70

SECTION - C

III) Answer any ONE of the following questions. (1x15=15)

- 16. Explain the various forms of the market efficiency in connection to Efficient Market Theory.
- 17. From the following information, calculate the (i) Sharpe's Ratio (ii) Treynor's Ratio, (iii) Jensen Ratio

Particulars	Portfolio				
	Α	В	С	D	
Beta	1.10	0.8	1.8	1.4	
Return (%)	14.50	11.25	19.75	18.50	
Standard	20.00	17.5	26.3	24.5	
Deviation					
(%)					

Risk Free Rate of Return (RF)- 6 %Market Portfolio Return- 12 %

18. Discuss the factors considered in economic and industry context on fundamental analysis.

SECTION - D

IV) Analyze the case and answer the questions.

(1x15=15)

19. Anand is Considering the purchase of three securities of A, B, and C for the next year. The returns of the securities depend on the next year's state of the stock market. The estimated rates of return are shown in the table.

State of	Probability of	Rate of Return of Securities		
Market	Occurrence	Α	В	С
Recession	0.25	10%	9%	14%
Average	0.50	14%	13%	12%
Boom	0.25	16%	18%	10%

- 1. Find each stock's expected rate of return standard deviation, and coefficient variation.
- 2. Apply mean, variance criterion to the alternative investments.
- 3. If Mr. Anand invest one-third on each security what would be his portfolio return?
- 4. What are the covariance's between security _A and B, B and C and A and C?