ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)

VI SEMESTER B.COM EXAMINATIONS - APRIL 2019

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Duration: 2.5 Hours **Max. Marks: 70**

SECTION – A

I) Answer any EIGHT of the following questions. (8x2=16)

1. State the meaning of Investment Management.
2. What is CAPM?
3. What do you mean by Security Market Line?
4. Mention the types of risk.
5. What is arbitrage pricing model?
6. What is Portfolio Management?
7. State the various techniques of security analysis.
8. Expand –ADR, GDR, FCCB.
9. What do you mean by blue-chip shares?
10. What is security analysis?
11. What is the essence of Dow Theory?
12. Mention the benefits of diversification.

SECTION – B

II) Answer any THREE of the following questions. (3x8=24)

13. Explain the difference between Technical Analysis and Fundamental Analysis.
14. Explain the Capital Asset Pricing Model theory.
15. Explain the Markowitz theory of Portfolio analysis.
16. The following information furnished by an Analyst gives the expected return on Two stocks X and Y.

    Determine :

    i. The Beta of Stock X and Stock Y.
    ii. If the risk free return is 10% and the market return is equally likely to be 10 % and 25 %. Calculate Risk Premium.

Market Return	Stock X	Stock Y
10%	5%	15%
25%	40%	20%

17. From the following Portfolio of 5 securities, Calculate expected returns.

Securities	L	M	N	O	P
Amount of Investment	100000	200000	350000	150000	200000
Expected Return.	12%	!0%	15%	25%	20%

SECTION – C

III) Answer any TWO of the following questions. (2x15=30)

18. What do you understand by Global investment? Explain the advantages of Global investment.
19. From the following data of two companies A and B ,calculate:
    i. The expected return from the companies.
    ii. The Standard deviation of the companies.

Outcome	Probability	Expected Return of Company A	Expected Return of Company B	Probability
1	0.3	6	8	0.2
2	0.5	10	14	0.5
3	0.2	12	18	0.3

20. The following information is available regarding 3 Mutual Funds. Rank each fund by sharpe's and Treynor's performance evaluation criteria, given the Risk free return (R_f) as 7 %.

	Return	Standard deviation(risk)	Beta
Sunlife	15%	16%	1.15
Birla	13%	18%	1.25
ICICI	12%	11%	0.90

21. The following information is available regarding two securities X and Y.

Portfolio	Expected Return	Standard Deviation
X	20%	16%
Y	25%	20%

If the correlation coefficient between X and Y is 0.6, determine:

a. Weights of X and Y which would provide minimum portfolio risk (Standard deviation), calculate expected return s for these weights.
b. Portfolio risk and return, if weights are equal.
c. Portfolio risk and return, if weights are 3:1.