

Register Number:

Date: 10-3-2022

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| **ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27** |
| **M.Com – III SEMESTER** |
| **SEMESTER EXAMINATION: OCTOBER 2021****(conducted in MARCH 2022)** |
| **MCO DEF 9320 : Security Analysis and Portfolio Management** |
|  |  |  |  |  |  |  |
| **Time- 2 1/2 hrs** |  | **Max Marks-70** |  |

**This paper contains \*\*\*\*\* printed pages and four parts**

 **Section A**

**Answer any ten of the following (10\*2 marks=20)**

1. Mention the trends in Dow Theory.
2. State any 2-chart patterns.
3. Mention any 2 assumptions of CAPM.
4. What is Capital Market line?
5. Mention any 2 types of systematic risk.
6. What is an Cyclical shares? Give an Example.
7. What is portfolio revision?
8. Sate any 2 purpose of portfolio evaluation?
9. What is meant by Portfolio Hedging?
10. State any 2 Formula plans.
11. What are Masala bonds?
12. Give any 2 types of Mutual Fund.

**Section B**

**Answer any three of the following (3\*5 marks=15)**

1. Differentiate between Investment and Speculation.
2. Discuss the forms of Market Efficiency and the role of fundamental and technical analysis in them.
3. a. What is SML?

b. Mr. Shetty is considering investing in X corporation. He expects X corporation to earn a return of 17% the next year. X’s beta is 1.3, Rf is 7%, and market return is 15%. Should Mr Shetty buy the security according to CAPM.

1. The following information is provided regarding the performance of the Blue Chip fund, Leading sector fund and Contra fund for a period of six months ending December 2012. The risk free rate of return is assumed to be 9. Rank the funds with the help of Sharpe Index and Treynor Index and discuss it.

|  |  |  |  |
| --- | --- | --- | --- |
|  | RP | σp | β |
| Blue Chip | 25.38 | 4 | 0.23 |
| Leading sector | 25.11 | 9.01 | 0.56 |
| Contra | 25.01 | 3.55 | 0.59 |

1. What is the relevance of alpha and beta in security returns?If Covariance of the security with the market index is 7.282 and risk of the market (S.D) is 2.32402,Return of the security is 2.093 and market return is 1.06,find alpha of the security.

**Section C**

**Answer any two of the following (2\*10 marks=20)**

1. “The investment process involves a series of activities starting from the policy formulation”. Discuss.
2. Briefly explain the factors considered in EIC framework.
3. The returns of ABC stock and the Market index for March 2018 are given below:

|  |  |  |
| --- | --- | --- |
| Date | Market Index (X) | ABC Stock (Y) |
| March 5th | 0.3 | 0.807 |
| 6th | 0.001 | 0.116 |
| 7th | -1.55 | -1.465 |
| 8th | -1.09 | -0.724 |
| 9th | -0.16 | 1.517 |
| 12th | 2.086 | 1.465 |
| 13th | 0.482 | -0.574 |
| 14th | 1.285 | 0.952 |
| 15th | 0.593 | 0.429 |
| 16th | -1.359 | -3.055 |

Calculate the beta and alpha.

**Section D**

**Compulsory Question (1\*15 marks=15)**

1. a.TCS and ITC have yielded the following returns for the past 4 years.

|  |  |
| --- | --- |
| Years | Return (%) |
| TCS | ITC |
| 2018 | 12 | 14 |
| 2019 | 18 | 12 |
| 2020 | 16 | 18 |
| 2021 | 14 | 12 |

a.What is Portfolio Risk & Return if 70% is invested in TCS and 30% in ITC.(10marks)

b.Will the investor be benefitted(in terms of risk and return) if he reallocates his funds equally between the two securities(5 marks).

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