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Reg. No. | | | | | | | | |

IV Semester M.Com. Degree Examination, August/September - 2025

COMMERCE (Finance & Banking)

Security Analysis and Portfolio Management (Elective)

(CBCS Scheme)

Paper : 4.4

Time : 3 Hours **Maximum Marks : 70**

SECTION - A

Answer any Seven questions out of Ten. Each question carries 2 marks. **(7×2=14)**

1. a) Differentiate between Investment and Speculation.

   b) The expected return as per CAPM is 21%. Given that the expected Market return is 16%, Risk free rate is 12%, Calculate Beta Coefficient.

   c) Give the meaning of fundamental Analysis.

   d) List any Two Fixed Income Securities.

   e) What is a portfolio?

   f) Expand CAPM and SLM.

   g) Define Arbitrage Pricing Theory.

   h) What are foreign bonds? Give example.

   i) What is passive management of portfolio?

   j) Define Jenson's Alpha.

SECTION - B

Answer any Four questions out of Six. Each question carries 5 marks. **(4×5=20)**

2. Explain the components of Fundamental Analysis.

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3. The following are the Returns of Two scripts A and B. Calculate the expected return and risk from the following details and comment on best script.

Probability	Retruns of A (%)	Returns of B (%)
0.20	5	6
0.05	18	12
0.50	12	11
0.05	15	14
0.20	26	19

4. Briefly explain the Markowitz Optimum Portfolio Theory.

5. Portfolio X and Y and Z have the following statistics over the past several years.

Portfolio	Mean return	Standard deviation	Beta	Alpha
X	0.17	0.24	0.85	0.012
Y	0.21	0.29	1.15	0.008
Z	0.12	0.20	0.75	0.006

Over the time period, mean return of Treasury bill was . 09. For each portfolio compute Sharpe, and Jensen measure of investment performance. Rank the portfolio using measure.

6. An investor wants to choose either X or Y company's stock. Both the companies are not paying dividends. X company stock is currently selling for Rs. 150 and Y for Rs. 200. At the end of the year ahead there is a probability for X to be sold either for Rs. 171 or Rs. 167 and Y either for Rs. 227 or Rs. 223. Which company's scrip should the investor buy? Justify your answer.

7. Risk is inherent in every Investment. Elucidate the statement.

SECTION - C

Answer any Two questions out of Four. Each question carries 12 marks. (2×12=24)

8. What is investment? Explain the factors to be considered in Investment Decision.

9. Write detailed note on (a) Efficient Market Hypothesis and (b) Tools of technical Analysis.

10. Mr. David is constructing an optimum portfolio. The market return forecast says that it would be 13.5% for the next two years with the market variance of 10%. The riskless rate of return is 5%. The following securities are under review. Find out the optimum portfolio.

Company	α	β	σ_{ei}^2
Anil	3.72	0.99	9.35
Arav	0.60	1.27	5.92
Bowley	0.41	0.96	9.79
Vinil	-0.22	1.21	5.39
Billy	0.45	0.75	4.52

11. Calculate the portfolio return from the following information assuming that the investor invests 40% in stock X and remaining in Stock Y. Stock X has a Beta of 0.8 and stock Y has a Beta of 1.25. The risk free rate is 4% and the expected market return is 8%. Would your answer be different if the investment is 75% in Stock A? Also give the formula to calculate portfolio risk.

SECTION - D

Answer the following question. This question carries 12 marks. **(1×12=12)**

12. The following data gives details about market and ABC company's Script return for a particular period.

Index Return	0.5	0.6	0.5	0.6	0.8	0.7	0.4	0.8	0.9
ABC Script Return	0.4	0.7	0.4	0.8	0.9	0.6	0.4	0.9	0.8

Calculate the Beta coefficient for the ABC Company Script. Also calculate the script return when the market return is 4.