

20P351S

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Name:

Reg. No:

THIRD SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2021

(CUCSS-PG)

CC15P MC3 E(F)02 - SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(Commerce)

(2015 to 2018 Admissions - Supplementary/Improvement)

Time: Three Hours

Maximum: 36 Weightage

Section A

Answer *all* questions. Each question carries 1 weightage.

1. What is a stock market index?
2. What is SML?
3. What is Efficient Market Hypothesis?
4. What is Maccaulay Duration?
5. Differentiate Beta and Standard Deviation?
6. Explain the term APT.

(6 × 1 = 6 Weightage)

Section B

Answer any *six* questions. Each question carries 3 weightage.

7. Write a note on various avenues of investment available to investor.
8. What is Candle Stick Chart?
9. Distinguish between Technical analysis and Fundamental analysis.
10. A two year bond face value of Rs. 1000 issued at a discount for Rs. 797.19. What is the spot interest rate?
11. A person owns a Rs. 1,000 face value bond with five years to maturity. The bond makes annual Interest payment of Rs 80. The bond is currently priced at Rs. 960. Given that the market interest rate is 10 per cent, should the investor hold or sell the bonds? Make your comments with justification.
12. A bond of Rs 1000 face value bearing a coupon rate of 12% will mature after 7 years. What is the value of the bond, if the discount rates are 14% and 12%?
13. The current dividend on an equity share of P Ltd is Rs.3. P Ltd is expected to enjoy an above normal growth rate of 40% for five years. Thereafter the growth rate will fall and stabilizes at 12%. Equity investors require a return of 15% from P Ltd.'s stock. What is the intrinsic value of the equity shares of P. Ltd?

14. A person bought of a company for Rs.100. The Current rate of return is 8%. After holding it for some time, he sold it for Rs.120. what is the total Return?

(6 × 3 = 18 Weightage)

Section C

Answer any *two* questions. Each question carries 6 weightage.

15. Briefly discuss the various equity valuation approaches. Which do you think is a more practical application for investors?
16. X ltd issued 6 year redeemable bond of face value of Rs.100 at Rs.95. The coupon rate was 10%. The bond now traded in the market at Rs.90. An investor indents to buy it and hold it till maturity which is 5 years away. Compute
- Interest payable each year
 - Current yield
 - YTM
 - What would be the yield to call, if the bond is called back 3 years from today? The call price is 5% above face value.
17. Monthly return data for ABB Ltd. and BSE index for 12 months period are presented below

<u>Month</u>	<u>ABB Ltd</u>	<u>BSE Index</u>
1	-0.75	-0.35
2	5.45	-0.49
3	-3.05	-1.03
4	3.41	1.64
5	9.31	6.67
6	2.36	1.13
7	-0.42	0.72
8	5.51	0.84
9	6.80	4.05
10	2.60	1.21
11	-3.81	0.29
12	-1.91	-1.96

Calculate α and β for ABB Ltd?

(2 × 6 = 12 Weightage)
