

16P349

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Name.....

Reg. No.....

THIRD SEMESTER M.Com. DEGREE EXAMINATION, OCTOBER 2016

(Regular/Supplementary/Improvement)

(CUCSS - PG)

CC15P MC3 E02 - SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(2015 Admission Onwards)

Time : Three Hours

Maximum : 36 Weightage

Section A

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

1. Define security analysis
2. Differentiate between Value Stocks and Growth Stocks
3. What are Barbell investment strategies?
4. Mention any two factors that affect the value of P/E ratio of stocks
5. What is the relevance of sovereign rating in economy analysis?
6. Mention any two properties of risk-return indifference curves

(6 x 1 = 6 weightage)

Section B

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

7. "Technical analysts are often known as Chartists." Substantiate this statement with examples.
8. Briefly explain various sources of investment risks to investment decisions.
9. Write a note on factors influencing bond yields according to bond value theorems
10. Explain with examples the significance of industry and company analysis in investment management.
11. Does the fact that market exhibits weak form efficiency essentially imply that it is strong form efficient? Explain.
12. How does the multi-factor modeling more instrumental than single factor modeling in asset pricing decisions.
13. Find the duration of a 6% coupon bond with a face value of Rs. 1000 making annual interest payments. If it has 5 years until maturity, the bond is redeemable at 5% premium on maturity. The market interest rate is 8%. What difference it makes, if market rate of interest increases to 10%.
14. An investor has collected the following information relates to mutual fund investments in a market:

Fund	Return(%)	Risk (%)	Beta
X	20	6	0.80
Y	22	6.25	1.10
Z	16	3.75	1

Return on zero beta portfolios is 5% and return on market is 16%. Evaluate these funds using Sharpe and Treynor Index methods.

(6 x 3 = 18 weightage)

Section C

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

15. State the meaning, procedure and limitations of fundamental analysis.
16. Following data give the market return and Sun pharma's scrip return for a particular period:
- | | | | | | | | | | |
|---------------------------------|------|------|------|------|------|------|------|------|------|
| Index Return (R _m): | 0.50 | 0.60 | 0.50 | 0.60 | 0.80 | 0.50 | 0.80 | 0.40 | 0.70 |
| Scrip return (R _i): | 0.30 | 0.60 | 0.40 | 0.50 | 0.60 | 0.30 | 0.70 | 0.50 | 0.50 |
- a) What is the beta value of Sun scrip?
- b) If the market return were 2, what would be the scrip return?
17. The following data shows the investment information about four securities. You are asked to construct a portfolio based on the given weights and compute portfolio alpha, beta and residual variance.

Security	Weightage	Alpha	Beta	Residual variance
W	0.30	1.5	1.5	250
X	0.30	2.0	0.5	240
Y	0.20	1.75	0.75	200
Z	0.20	1.25	0.75	275

(2 x 6 = 12 weightage)
