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## B.M.S. COLLEGE FOR WOMEN, AUTONOMOUS

BENGALURU – 560004

SEMESTER END EXAMINATION – SEPT/OCT 2023

M.Com – 4<sup>th</sup> Semester

### SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

(NEP Scheme 2021-2022 Onwards)

Course code: MCM404FT

Time: 3 Hours

QP Code: 14020

Max. Marks: 70

#### SECTION – A

1. Answer any SEVEN questions. Each question carries TWO marks. (7X2=14)

- a. Define portfolio.
- b. Describes arbitration.
- c. Recall Economic analysis.
- d. What do you mean by Systematic risk?
- e. Why is the need for portfolio revision?
- f. Give the meaning of external commercial borrowings.
- g. What is hedging?
- h. Mentions two major features of equity shares.
- i. Define SML.
- j. Recall life concept of investment.

#### SECTION – B

Answer any FOUR questions. Each question carries FIVE marks. (4X5=20)

2. Explain the concept of fundamental analysis.
3. Classify the different types of risks associated with investment.
4. Consider the following information for three mutual funds X,Y & Z and the market.

	Average returns %	Standard deviation%	Beta
X	14	16	1.1
Y	12	14	0.9
Z	15	20	1.2
Market Index	13	17	1.0

The risk free rate of return is 6%. Calculate the Sharpe and Treynor ratio for each of the above funds and the market index

5. Outline Harry Markowitz theory of portfolio management.
6. Mr. Sumanth is considering an investment in one of the two stocks. From the information, which investment is better based on S.D risk and Return?

Wipro		HCL	
Probability	Return	Probability	Return
0.4	15%	0.2	-5%
0.3	19%	0.3	14%
0.3	11%	0.3	6%
		0.2	22%

7. Explain efficient market hypothesis.

### SECTION – C

Answer any TWO questions. Each question carries TWELVE marks. (2X12=24)

8. Explain International Investment Avenues.
9. Elaborate the modern tools for Technical Analysis.
10. Describe the recent developments in portfolio evaluation strategies.
11. The distribution for return for Share Q and the market portfolio is given below.

Portfolio	Returns (%)	
	Share Q	Market
0.3	30	-10
0.4	20	20
0.3	0	30

You are required to calculate the expected returns, standard deviation and variance of the Share Q and the market

### SECTION – D

(Compulsory Skill-based Question)

(1X12=12)

12. Given the following data for ICICI bank and the stock market.

Year	ICICI	NSE
2015	12	15
2015	9	13
2015	-11	14
2015	8	-9
2015	11	12
2015	4	9

- a. What are the arithmetic mean of return on the ICICI stock and NSE.
- b. What is ICICI beta?
- c. What is the equation for ICICI characteristic line if market return is 8%.

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