MS – 459

VI Semester B.Com. Examination, May 2016
(2014 – 15 & Onwards) (Fresh + Repeaters)
COMMERCE
Paper – 6.6 : Elective Paper – IV : Security Analysis & Portfolio Management

Time : 3 Hours   Max. Marks : 100

Instruction : *Questions to be answered in* ***English*** *or in* ***Kannada.***

SECTION – A

Answer **any ten** questions. **Each** question carries **2** marks. **(10×2 = 20)**

1. a) What do you mean by Investment strategies ?
   b) What is Systematic Risk ?
   c) Give the meaning of company analysis.
   d) What do you mean by undervalued shares ?
   e) What is portfolio revision ?
   f) What is GDR ?
   g) Give the meaning of Intrinsic value.
   h) What do you mean by Beta ?
   i) What is Security Market Line ?
   j) What is Depository Receipts ?
   k) Give the meaning of Diversification.
   l) Expand FCCB.

SECTION – B

Answer **any four** questions. **Each** question carries **8** marks. **(4×8=32)**

2. Briefly explain factors affecting investment decisions.
3. Briefly explain the classification of Standard Industries.
4. What is Global Mutual Funds ? What are the reasons for investing in GMF ?
5. Calculate the expected return and standard deviation of return for a stock having the following probability distribution of returns.

Possible Returns(in %) :	35	30	20	15	0	– 10	– 25
Probability of Occurrence :	0.15	0.20	0.25	0.15	0.10	0.10	0.05

P.T.O.

6. Determine the expected rate of return on individual portfolio by applying CAPM, if Risk-free rate is 5% and the market return is 9%

Stock :	A	B	C	D	E
Beta (β) :	0.70	1.00	1.15	1.40	–0.30

SECTION – C

Answer **any three** questions. **Each** question carries **16** marks. **(3×16 = 48)**

7. What is Economic Analysis ? Discuss the important economic forces within which the factors of investment operate.

8. What is CAPM ? What are the assumptions of CAPM and its limitations.

9. The possible returns and associated probabilities of securities A & B are given below

Security – A

Probability (P) :	0.05	0.15	0.40	0.25	0.10	0.05
Return % (R) :	12	20	30	36	40	48

Security – B

Probability (P) :	0.10	0.20	0.30	0.25	0.10	0.05
Return % (R) :	10	16	24	30	36	40

Calculate the expected return and standard deviation of security A & B.

10. With the given details, evaluate the performances of the different funds using Sharpe and Treynor performance evaluation techniques.

Funds	**Return (%)**	**S.D (σ)**	**Beta**
A	4	40	1.96
B	24	36	1.94
C	16	44	2.34
D	18	48	2.44
E	14	20	0.9
F	21	27	1.5

Risk-free rate of return is 8%.