



**IV Semester M.Com. Degree Examination, November 2023**  
**(CBCS Scheme) (2021 – 22)**  
**COMMERCE (Finance and Banking)**  
**FB – 4.4 : Security Analysis and Portfolio Management**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. **(7×2=14)**

- a) Distinguish between Systematic Risk and Unsystematic Risk.
- b) Compute Beta from the following details :

Particulars	Stock XYZ (%)	Sensex (%)
Standard Deviation	5	4
Correlation Coefficient	1.2	

- c) How does hedging help to beat the price fluctuations ?
- d) What do you mean by Discounted Cash Flow Method ?
- e) What do you mean by CML and SML ?
- f) What is the key component of the Markowitz portfolio theory ?
- g) What are formula plans in portfolio revision ? Mention its types.
- h) What is the meaning of IDR ?
- i) List any two Global Stock Exchanges and their Index.
- j) What are Green Bonds and Masala Bonds ?

**SECTION – B**

Answer **any four** questions out of six. **Each** question carries **five** marks. **(4×5=20)**

- 2. Explain any 5 types of risk to be known as a Stock Market Investor.
- 3. Explain the various forms of market efficiency under efficient market hypothesis.
- 4. Explain in brief the active and passive portfolio management strategies.
- 5. How do global market trends affect the domestic market ? Explain their relationship in recent context.



6. Mr. Govardhan is planning to invest in the stock market. He has made an analysis of two company stocks and each economic condition and has forecasted the following returns given below :

Economic Condition	Probability	ITC	HDFC
High Growth	0.5	15	20
Moderate Growth	0.3	12	18
Low Growth	0.2	8	10

Which security will Mr. Govardhan consider based on the risk and return ?

7. The following data give the Nifty Return and Infosys Company's return for a particular period.

Nifty Return ( $R_m$ )	Infosys Return ( $R_j$ )
5	3
6	6
5	4
6	5
8	6
5	3
8	7
4	5
7	6

- What is  $\beta$  (Beta value) of Infosys Stock ?
- Find  $\alpha$  (Alpha) of the security.

### SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks. **(2×12=24)**

8. A financial analyst is analyzing two investment alternatives ABC and XYZ. Their rates of returns under different probabilities are as follows :

Probability	Returns of ABC (%)	Returns of XYZ (%)
0.2	22	5
0.6	14	15
0.2	-4	25





- a) For Stock ABC & XYZ, determine expected rate of return, variance and standard deviation.
- b) What is the Portfolio Return and Portfolio Risk for the portfolio made up of 60% of ABC stock and 40% of XYZ Stock ?
9. What is Technical Analysis ? Explain the different types of Price Patterns of a Stock.
10. Write a note on :
- a) Sharpe Single Index Model
- b) Capital Asset Pricing Model
- c) Arbitrage Pricing Theory.
11. The data regarding the mutual fund performance has been provided :

Fund	Average Return – %	Beta	Standard Deviation
UTI Equity Fund	22	0.9	17
ICICI Prudential Small Cap Fund	25	1.15	18
SBI Magnum Mid Cap Fund	21	1.35	14
Kotak Equity Opportunity Fund	26	1.00	20
Risk free rate of return	16%		
Average return of the market	19.5%		
Standard Deviation of the Market	14%		

- i) Assess the performance of above funds using Sharpe, Treynor and Jensen's performance evaluation method.
- ii) Rank the portfolio using Sharpe, Treynor and Jensen's and interpret their results.

#### SECTION – D

Answer the following question.

(1×12=12)

12. What is meant by EIC Analysis ? Illuminate EIC analysis with an example of Indian Company listed in Indian Stock Market.