



III Semester M.Com. (FA) Examination, March/April 2025
(CBCS) (2021-22)

FINANCIAL ANALYSIS

3.2 : Security Analysis and Portfolio Management

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written in English only.

SECTION – A

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

1. a) Define investment.
- b) What is SML and CML ?
- c) What do you mean by GDR ?
- d) Define technical analysis.
- e) What are Green Bonds and Masala Bonds ?
- f) How gambling is different from investment ?
- g) Who are Oscillators ?
- h) What is Renko chart ?
- i) Give the meaning of hedging.
- j) What is meant by arbitration ?

SECTION – B

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

2. Explain the concept of Capital Asset Pricing Model.
3. Distinguish between Investment and Speculation.



4. The following information is available :

Particulars	Stock A	Stock B
Expected Return	16%	12%
Standard Deviation	5%	8%

Co-efficient of Correlation 0.60.

- i) What is the co-variance between Stock A and Stock B.
- ii) What is the expected return and risk of a portfolio in which A and B have weights of 0.6 and 0.4.

5. What is Technical Analysis ? Explain the different types of Price patterns of a stock.

6. An investor is considering two portfolios with the following details.

Portfolio	Weight of Stock A	Weight of Stock B	Beta of Stock A	Beta of Stock B
X	50%	50%	1.2	0.8
Y	70%	30%	1.5	1.0

The risk free rate is 4% and the market return is 12%.

Calculate the expected return of both portfolios using CAPM.

7. Explain Dow Theory with advantages and disadvantages.

SECTION – C

Answer any two questions out of four. Each question carries twelve marks.

(2×12=24)

8. Define Risk. Explain the different types of risk.

9. The possible returns and associated probabilities of Securities X and Y are given below :

Security X		Security Y	
Probability	Return (%)	Probability	Return (%)
0.05	6	0.10	5
0.15	10	0.20	8
0.40	15	0.30	12
0.25	18	0.25	15
0.10	20	0.10	18
0.05	24	0.05	20

Calculate the expected return and standard deviation of Security X and Y.