 LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

 **M.Com.** DEGREE EXAMINATION - **COMMERCE**

THIRD SEMESTER – **APRIL 2012**

# CO 3802 - SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

 Date : 21-04-2012 Dept. No. Max. : 100 Marks

 Time : 1:00 - 4:00

 **SECTION – A Answer ALL questions ( 10 x 2 = 20 )**

1. What is mean by investment?
2. What are the two components of Indian capital market?
3. What are the determinants of expected return?
4. In what way the financial investment is different from general investment?
5. On what basis strong form of efficient market hypothesis differ from the weak form?
6. Explain any two key factors involved in firm specific analysis.
7. What are the features of contingent investment?
8. What do mean by portfolio?
9. Information about return on an investment is as follows: (a) risk free rate 10%; (b) market return is 15%; (c) beta is 1.2. What should be the return from the investment?
10. Security A and B have standard deviations of 5% and 8%. Mr. Shyam is planning to invest 30% of his funds in security A and the balance in Security B. Ascertain portfolio risk, if correlation is 1.

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| **SECTION – B Answer any five questions ( 5 x 8 = 40 )** |

1. What is charting technique? What are its underlying basic concepts?
2. Enumerate the assumptions of Random walk theory.
3. On what basis efficient market theory is criticized?
4. What are the points to be considered in Portfolio evaluation?
5. Give an account of various tests conducted under Semi-strong form.
6. Distinguish between systematic and unsystematic risk.
7. What are the assumptions of CAPM?
8. Novel owns a portfolio of two securities with the following expected returns, standard deviations, and weights:

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| --- | --- | --- | --- |
| Security | Expected Return | Standard deviation | weight |
| X | 12% | 15% | .40 |
| Y | 15% | 20% | .60 |

What are the (i) Maximum and (ii) Minimum portfolio standard deviations for varying levels of correlation between two securities?

**SECTION – C Answer any TWO questions ( 2 x 20 = 40 )**

1. Give a brief of the economic wide factors involved the investment decision making process.
2. What is portfolio construction and revision? Identify and discuss the factors contributing to portfolio management.
3. Write short notes on:

a) Titular investment

b) Speculation

c) Stock split

d) Dow Theory

e) Foreign institutional investors

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