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VI Semester B.Com. Degree Examination, September/October - 2022

COMMERCE

Security Analysis & Portfolio Management
(CBCS Scheme 2019-20 Freshers-Regulars)

Paper : FN.6.4



Maximum Marks : 70

Time : 3 Hours

Instructions to Candidates :

Answer should be written in English.

SECTION - A

Answer any FIVE questions. Each question carries 2 marks.

(5×2=10)

1. a) What are Investments.
- b) What is call money Market.
- c) What is systematic risk.
- d) What is Net Asset value.
- e) Calculate the expected rate of return if the probability is 0.30 and rate of return is 40.
- f) What is portfolio.
- g) What are Bonds.

SECTION-B

Answer any THREE questions. Each question carries 5 marks.

(3×5=15)

2. Elucidate the differences between Investment & Speculation.
3. What are the assumptions of CAPM? Enumerate the difference between CML & SML.

[P.T.O.]

4. An investor is considering 2 securities A & B. The details are as under:

A		B	
r (%)	Probability	r (%)	Probability
13.4	0.3	9.4	0.2
14.6	0.5	12.6	0.3
16.8	0.2	15.1	0.3
		18.4	0.2

- a) Which security to be chosen for investment?
 b) What is the return on investor earns if he invest 60% of his funds in security X & 40% in security Y.
5. Identify the stocks over valued & under valued relating to the expected return, given R_f - 6%, R_m - 15% and expected return & Expected beta are furnished below:

Stock	ER (%)	SD (%)
L	14%	1.20
M	15%	0.75
N	13%	1.50
O	20%	1.60
P	10%	0.80

SECTION-C

Answer any **THREE** questions. Each question carries **15** marks.

(3×15=45)

6. Explain the investment alternatives available for investors.
 7. Explain in detail fundamental analysis? How is it useful in the selection of securities.
 8. Consider the following information for mutual funds. L, M & N and the market index.

Funds	Mean returns (%)	Standard deviation %	Beta
L	24	22	1.8
M	16	14	1.2
N	12	13	0.8
Market Index	10	10	1.00

The mean risk free rate was 7%. Calculate the Treynor measure, sharpe measure and Jensen measure for the four mutual fund and the market Index.



9. The committee of XYZ Ltd., recently used reports used from various security analysis to develop input for single index model. Output derived from single index model considered for full efficient portfolio.

Portfolio	ER (%)	SD (%)
1	8	3
2	10	6
3	13	8
4	17	13
5	20	18

- a) If prevailing risk free rate is 6%, which portfolio is best one.
- b) Assume that the policy committees would take to earn an expected return 10% with standard deviation of 4% is this possible.
- c) If standard deviation of 12% were acceptable, what would be the expected portfolio return.
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