



M.Com. II Semester Degree Examination, Sept./Oct. - 2024

COMMERCE

Security Analysis and Portfolio Management

(NEP)

Time : 3 Hours

Maximum Marks : 70

Note : Answer **any five** of the following questions with **Question No.1** is **Compulsory**, each question carries **fourteen** marks.

1. Define systematic risk and unsystematic risk. Provide a detailed explanation of the different types of risks associated with each category. **14**
2. What is security analysis ? Why is it required ? Compare and contrast fundamental analysis with technical analysis. **14**
3. Describe Harry Markowitz's Modern Portfolio Theory. Explain its significance in optimizing the risk-return trade-off. **14**
4. The rates of return on the security of the company X and market portfolio for 10 periods are given below : **14**

Period	Return on Security (%)	Return on Market Portfolio (%)
1	10.0	11.0
2	11.0	10.0
3	12.5	9.0
4	10.5	8.0
5	9.0	10.0
6	-2.5	4.0
7	8.5	-3.0
8	9.5	2.5
9	-3.5	3.0
10	10.0	5.5

- (a) What is the beta of security ?
- (b) What is the characteristic line of security ?
- (c) What would be the return from Stock if the market is expected to move up by 14% in the 11th period ?



5. Assume a risk-free rate of 3.5 percent and market return as 10 percent with a standard deviation of 15 percent. Rank portfolios using Sharpe Ratio, Treynor Ratio, Jensen's Alpha, and Fama's Net Selectivity measures. **14**

Portfolio	P ₁	P ₂	P ₃	P ₄
Return(%)	15	12.5	16.6	17.8
Standard deviation(%)	18	16	17	20
Beta	1.02	0.70	0.60	0.65

6. Explain the technical analysis indicators: Moving Average Analysis and RSI, and how they are used to predict future price movements ? **14**
7. The risk-free rate of the return is 9 percent and expected market return is 21 percent. The estimated rates of the return of securities M to V and their respective beta coefficient are as under : **14**

Security	Estimated rate of return (%)	Beta
M	30	1.20
N	18	1.23
O	20	1.19
P	15	1.15
Q	25	1.22
R	19	1.65
S	28	1.75
T	32	1.13
U	23	1.18
V	26	1.08

Using CAPM model, identify the pricing of securities and state the decision to be taken for investment for each of the securities. And calculate the expected return and risk of a portfolio assuming that a portfolio is constructed investing equal proportion of funds in each of the above securities.

8. (a) How does constant dollar/rupee value plan differ from constant ratio plan ? **5**
- (b) Draw and explain the various stages of industry life cycle. **5**
- (c) Write a note on Dow Theory. **4**

