



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.Com. DEGREE EXAMINATION - COMMERCE

THIRD SEMESTER – NOVEMBER 2011

CO 3802 - SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

Date : 31-10-2011
Time : 9:00 - 12:00

Dept. No.

Max. : 100 Marks

SECTION – A

Answer ALL questions

(10 x 2 = 20)

1. What do you mean by investment attributes?
2. Differentiate General investment from Financial investment.
3. How do you identify the external business risks?
4. In what way the Arbitrage Pricing Model differs from the Capital Asset Pricing Model.
5. Identify any four management caliber of the specific firm analysis.
6. Highlight the important features of Filter Test.
7. Give any four points to support that secondary market is safer than primary market.
8. Bring out the distinction between Technical analysis and Fundamental analysis.
9. Following information is available in respect of two securities:

	A	B
Expected Return	22%	17%
Risk factor (β)	1.5	0.7

R_f – 10% and R_m – 18%. Find out if the securities are correctly priced?

10. Given below are the details of a security –

Beta of security = 0.5; Expected rate of return on market portfolio = 15%

Risk free rate of return = 0.06

If another security has an expected rate of return of 18%, what would be its beta?

SECTION – B

Answer any five questions

(5 x 8 = 40)

11. What are contingent investments? Differentiate them from the real and titular investments.
12. What are the steps involved in Traditional Approach in portfolio analysis.
13. What are the three movements of prices identified in Dow theory?
14. Identify the tools used in judging undervaluation or overvaluation of investments.
15. Briefly explain the concept of Filter Test. How is it unique from the other form of semi-strong tests?
16. Outline the various steps involved in Portfolio construction.

17. Find the portfolio variance of a portfolio consisting of equities, bonds and real estates, if the portfolio weights are 30%, 45% and 35%. The standard deviations are .1986, .615 and .945 respectively. The correlations are 0.40 per equity and bonds, 0.30 for equities and real estates and 0.25 for bonds and real estate.

18. The distribution of return of security "F" and the market portfolio "P" is given below:

	F	P
0.30	30	-10
0.40	20	20
0.30	0	30

You are required to calculate the expected return of security "F" and the market portfolio "P", the covariance between the market portfolio and security and beta for the security.

SECTION – C

Answer any TWO questions

(2 x 20 = 40)

19. Briefly bring out the meaning of the systematic and unsystematic risks and their types.

20. What do you mean by the term investment? Briefly explain its primary and secondary objectives.

21. Write short notes on:

- (a) Investment Avenues
- (b) Speculation
- (c) Marketability risk
- (d) Stock split
- (e) Bar chart of Dow Theory
