 LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

THIRD SEMESTER – APRIL 2011

# CO 3802 - SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

 Date : 08-04-2011 Dept. No. Max. : 100 Marks

 Time : 1:00 - 4:00

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

1. What do you mean by ‘return’?

# 2. Differentiate between Technical and Fundamental analysis.

3. What should you bear in mind while monitoring the global macro economy?

4. Identify the factors on which the profit potential of an industry depends upon.

5. What is the Run Test?

6. What are the problems encountered in Portfolio revision?

7. What are the limitations of CAPM?

8. How the constant ratio plan works under portfolio construction?

**9.** Bring out any four advantages of foreign institutional investors

**10.** Mr. S is the officer of a Mutual Fund. He found that his portfolio had earned a return of 20% and had a beta of 1.2. During the same period, the stock market as a whole went up by 15%. If the risk free rate of return is 6%, compute the Treynor measure for the purpose. Comment on the portfolio performance?

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

11. Who is an investor? Bring out his characteristics.

12. What are the criticisms posed against the efficient market hypothesis?

13. Enumeratethe assumptions of Random walk theory.

14. Give a brief summary of tests conducted and their results under semi strong form of

 efficient market hypothesis.

15. Give a brief account of three movements of share prices under Dow Theory.

**16.**  Why investment in financial investment is preferred compared to physical

 investment?

17. Discuss the various ways of minimizing risks.

**18.** Novel owns a portfolio of two securities with the following expected returns, standard

 deviations, and weights:

|  |  |  |  |
| --- | --- | --- | --- |
| 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 )**

**19.** Explain in detail the various segments of macro economic variables of fundamental analysis of portfolio.

**20.** What are the various investment alternatives? Explain in brief

**21.** Elaborate various stages in the Portfolio management process.

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