

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.Com. DEGREE EXAMINATION – COMMERCE

THIRD SEMESTER – APRIL 2010

CO 3802 - SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

Date & Time: 21/04/2010 / 9:00 - 12:00 Dept. No.

Max. : 100 Marks

SECTION – A

Answer ALL questions:

(10 x 2 = 20)

1. Enumerate various Investment attributes.
2. What is Systematic risk
3. Mention any two ways of minimizing risks.
4. Bring out any four advantages of foreign institutional investors
5. List out the assumptions of Random walk theory.
6. Highlight the important feature of Filter Test.
7. What do you understand by portfolio management?
8. What are the problems encountered in Portfolio revision?
9. What is simulation test?
10. A company's beta is 1.40. The market return is 14%. The risk free rate is 10%. What is the expected return based on CAPM?

SECTION – B

Answer any five questions:

(5 x 8 = 40)

11. Bring out the difference between Investment and Speculation.
12. Why investment in financial investment is preferred compared to physical investment?
13. Highlight the stages of investment process.
14. What are the criticisms posed against the efficient market hypothesis?
15. What are the principles based on which portfolio is diversified?
16. Give an account of various tests conducted under Semi-strong form.

17. What are the assumptions of CAPM?

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. Bring out the salient features of economic factors in security investment?

20. How do the following Financial Services help the security investment?

- (i) Merchant bankers
- (ii) Mutual fund
- (iii) Stock Brokering houses
- (iv) Credit rating agencies

21. Write short notes on:

- (a) Fiscal policy
- (b) Time value of Money
- (c) Unsystematic risk
- (d) Derivatives
- (e) Portfolio construction
