

(8 pages)

Reg. No. :

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Sub. Code : WKCE 11

M.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2023.

First Semester

Commerce – Elective

SECURITY ANALYSIS AND PORTFOLIO
MANAGEMENT

(For those who joined in July 2023 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (15 × 1 = 15 marks)

Answer ALL questions.

Choose the correct answer:

1. "The level of risk, an investor is comfortable with" can be referred as
 - (a) risk aversion
 - (b) risk tolerance
 - (c) risk taking
 - (d) risk balance

2. The purpose of tactical asset allocation in portfolio management is
 - (a) To make short-term adjustments based on market conditions
 - (b) To make long-term investment in high-risk assets
 - (c) To set long-term investment goals
 - (d) To avoid all risks associated with investments
3. An example of a fixed-income investment is
 - (a) Ordinary shares
 - (b) Commodities
 - (c) Real estate
 - (d) Corporate bonds
4. The bond safety is determined by
 - (a) Bond's maturity
 - (b) Coupon rate
 - (c) Market demand
 - (d) Issuer's creditworthiness
5. The bond prices and interest rates have
 - (a) direct relationship
 - (b) linear relationship
 - (c) inverse relationship
 - (d) no relationship

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6. The type of bonds which allows the issuer to repay before its maturity date is
- (a) Treasury bond
 - (b) Callable bond
 - (c) Zero-coupon bond
 - (d) Flexible bond
7. The primary objectives of fundamental analysis include
- (a) Predicting short-term price movements
 - (b) Evaluating a company's financial health and performance
 - (c) Analyzing historical stock prices
 - (d) Studying market trends and forecasting future
8. Past price movements can help predict future price movements is an assumption of
- (a) technical analysis
 - (b) economic analysis
 - (c) fundamental analysis
 - (d) industry analysis

9. Bollinger Bands are used in technical analysis to measure
- (a) Company profitability
 - (b) GDP growth rate
 - (c) Market volatility
 - (d) Inflation rates
10. The Markowitz Model in portfolio construction focuses on
- (a) maximizing returns
 - (b) minimizing risk
 - (c) either (a) or (b)
 - (d) both (a) and (b)
11. The pricing model which calculates the expected return of an asset based on its systematic risk is known as
- (a) Markowitz Model
 - (b) Capital Asset Pricing Model
 - (c) Arbitrage Pricing Theory
 - (d) Efficient Market Hypothesis



12. Sharpe's single index portfolio selection method is based on

- (a) Technical Analysis
- (b) Historical Stock Prices
- (c) Efficient Market Hypothesis
- (d) Fundamental Analysis

13. The ratio which measures the risk-adjusted performance of an investment portfolio by considering excess return per unit of risk is

- (a) Sharpe's Ratio (b) Beta Ratio
- (c) Treynor's Ratio (d) Alpha Ratio

14. Jensen's differential returns, or Alpha, measure

- (a) Future market trends
- (b) Expected market volatility
- (c) Past market fluctuations
- (d) Performance relative to market risk

15. Portfolio performance evaluation means

- (a) Estimating company profits
- (b) Calculating market indices
- (c) Assessing performance of investment portfolio
- (d) Managing individual investments

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PART B — (5 × 4 = 20 marks)

Answer ALL questions choosing either (a) or (b).

16. (a) Briefly explain active portfolio management.

Or

(b) Describe the concept of risk tolerance in investment decision-making.

17. (a) List and explain the reasons for issuing bonds.

Or

(b) Write a short note on Macaulay Duration.

18. (a) Describe Elliott Wave Theory.

Or

(b) Classify the chart patterns used in technical analysis.

19. (a) Explain the advantages of APT over the CAPM in pricing financial assets.

Or

(b) List the steps involved in constructing an efficient portfolio under Markowitz Model.

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20. (a) Explain the characteristics of Formula Plans in portfolio management.

Or

- (b) Discuss the need for portfolio revision.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

21. (a) Explain the nature of investment in detail.

Or

- (b) Discuss various factors affecting investment decisions.

22. (a) Describe various determinants of bond safety in detail.

Or

- (b) Distinguish Yield to Maturity and Yield to Call for bonds with embedded call options.

23. (a) Discuss the arguments against technical analysis.

Or

- (b) Tabulate the difference between fundamental analysis and technical analysis.

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24. (a) Critically evaluate the Markowitz Model.

Or

- (b) Outline the assumptions of Efficient Market Hypothesis.

25. (a) Elaborate on the necessity of Portfolio Performance Evaluation for investors.

Or

- (b) Explain how Jensen's Differential Returns help in assessing portfolio manager's performance.

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