(7 pages) **Reg. No. :** ....

Code No. : 5648 **Sub. Code : WKCE 11/ VKCE 11**

M.Com. (CBCS) DEGREE EXAMINATION, NOVEMBER 2024.

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. Who are institutional investors?
   (a) Private individual investing their own money
   (b) Organizations investing large amount on behalf of others
   (c) High net worth individuals
   (d) Foreign institutional speculators

2. What means a combination of financial assets and physical assets?
   (a) Investment (b) Evaluation
   (c) Portfolio (d) Securities

3. Which deals with the selection of optimal portfolios by rational risk averse investors?
   (a) Investment management
   (b) Portfolio management
   (c) Cost management
   (d) Portfolio evaluation

4. Redemption yield is also known as:
   (a) Yield to maturity (b) Market yield
   (c) Dividend yield (d) Earning yield

5. The valuation of a bond and debenture is
   (a) Present value of interest payment it gets
   (b) Present value of contractual payment it gets till maturity
   (c) Present value of redemption amount
   (d) Future value of redemption amount

6. Equity shares are issued to existing shareholders of a company is called

   (a) Right share

   (b) Cumulative Preference shares

   (c) Redeemable preference shares

   (d) Convertible preference shares

7. Which one is based on the assumption that are share price is determined by fundamental factors related to economy?

   (a) Volume analysis

   (b) Fundamental analysis

   (c) Technical analysis

   (d) Chart analysis

8. Which one of the following is the major analytical tools used in the technical analysis?

   (a) Chart (b) Average test

   (c) F test (d) Chi square test

9. Dow theory was developed to explain

   (a) New York stock market movement

   (b) The Dow Jones industrial average

   (c) Security market price movement

   (d) Buy and sell strategy

10. Which of the following statement defines the efficient market?

    (a) Free entry and exit of the investors

    (b) The market that is closely watched by the regulatory agencies

    (c) Stock prices fully reflecting all the market information

    (d) The stock exchange is fully automated

11. Which of the following evidences the semi strong efficient market theory forms?

    (a) Weekend effect

    (b) Effect of the stock split

    (c) Low P/E ratio effect

    (d) The size effective

12. Diversification reduces

    (a) Inflation risk (b) Market risk

    (c) Interest rate risk (d) Unique risk

13. Which model is based on security's return relationship with the index return?

    (a) Prof. William sharpe

    (b) Markowitz

    (c) Treynor

    (d) Jensen

14. Treynor ratio measure which of the following

(a) Standard deviation

(b) Alpha factor

(c) Risk adjusted returns

(d) Beta

15. Which one of the following calculates the reward to risk trade of by dividing the average portfolio excess return by the portfolio beta?

(a) Sharpe measure (b) Treynor measure

(c) Jenson measure (d) Appraisal ratio

PART B — (5 × 4 = 20 marks)

Answer ALL questions, choosing either (a) or (b) not exceed 250 words.

16. (a) Distinguish between active and Passive portfolio management.

Or

(b) What are the difference between investment and speculation?

17. (a) Explain the concept of volatility of bonds.

Or

(b) What are the features of bond?

18. (a) What are the objectives of fundamental analysis?

Or

(b) What are the difference between fundamental analysis and technical analysis?

19. (a) Distinguish between the capital market line and security market line.

Or

(b) What is Markowitz model? Explain.

20. (a) Explain the need for portfolio revision.

Or

(b) Bringout the need for performance evaluation.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b) not exceed 600 words.

21. (a) Explain the factors influencing the investment choice.

Or

(b) Describe the factors affecting investment decision in portfolio management.

22. (a) Explain the types of bonds.

Or

(b) Enumerate the features of preference shares.

23. (a) Explain Dow theory.

Or

(b) Describe the various types of chart.

24. (a) Discuss Markowitz model of portfolio management.

Or

(b) What is random walk theory? State the assumption of efficient market theory.

25. (a) Explain the methods of calculating portfolio return.

Or

(b) Describe the Sharpe's ratio and Treynor's ratio.

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