REV-00
MCM/15/20 2014/03

# M. COM
## Third Semester
## Security Analysis and Portfolio Management
## (MCM – 15)

**Duration: 3Hrs.** **Full Marks: 70**

**Part-A (Objective) =20**
**Part-B (Descriptive)=50**

## (PART-B: Descriptive)

**Duration: 2 hrs. 40 mins.** **Marks: 50**

**1. Answer the following questions:** (any *five*) **2×5=10**

*a)* What do you mean by Security Analysis?

*b)* What is Portfolio Management?

*c)* What is Investment?

*d)* Explain Financial Market.

*e)* What is Stock Exchange?

*f)* What do you understand by Risk and Return of a Portfolio?

*g)* What do you mean Debenture?

**2. Answer the following questions:** (any *five*) **3×5=15**

*a)* Why an investor should have knowledge about the Securities?

*b)* Explain the importance of Portfolio Evaluation in Purchasing securities.

*c)* What are the characteristics of Investments?

*d)* Write down the difference between Primary Market and Secondary Market.

*e)* Write down the role of Portfolio Manager.

*f)* What are the aspects you look into before purchasing Shares?

*g)* What are the assumption of Capital Assets Pricing Models?

*h)* What are the basic characteristics of Investments?

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**3. Answer the following questions in details:** (any *five*) **5×5=25**

*a)* Explain the Capital Asset Pricing Model.

*b)* Illustrate the Markowitz Model of Portfolio Selection.

*c)* Explain the Random Walk Theory.

*d)* Monthly return data (in percent) are presented below for ITC stock and BSE national Index for 12 Months.

| Month | ITC | BSE National Index |
|---|---|---|
| 1 | 9.43 | 7.41 |
| 2 | 0.00 | -5.33 |
| 3 | -4.31 | -7.35 |
| 4 | -18.92 | -14.64 |
| 5 | -6.67 | 1.58 |
| 6 | 26.57 | 15.19 |
| 7 | 20 | 5.11 |
| 8 | 2.93 | 0.76 |
| 9 | 5.25 | -0.97 |
| 10 | 21.25 | 10.44 |
| 11 | 23.13 | 17.47 |
| 12 | 32.83 | 20.15 |

Calculate Beta of ITC stock

*e)* What is Fundamental Analysis? Highlight the key economic variable that an investor must monitor as a part of Fundamental Analysis.

*f)* What are the types of Investors? Difference between Investor and Speculator.

*g)* What is Technical Analysis? Explain the Dow Theory relating to it.

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*(The figures in the margin indicate full marks for the questions)*

**Duration: 20 minutes** **Marks – 20**

### PART A- Objective Type

**I. Fill in the blanks with correct options:** **1×20=20**

1. ____________________is putting money into something with the expectation of profit.
a) Investment b) Capital c) Income d) All the above.

2. ____________________means the net additions to the capital stock of the society which consists of goods and services that are used in the production of other goods and services.
a) Economic Investment b) Social Investment
c) Fluctuating Investment d) None of the above.

3. ____________________is central to any investment objective, we have to basically ensure the safety of the principal. One can afford to lose the returns at any given point of time but s/he can ill afford to lose the very principal itself.
a) Security b) Safety c) Liquidity d) Ensure Profits.

4. ______________________________is best described as the net return out of any investment. Hence given the level or kind of security and liquidity of the investment, the appropriate yield should encourage the investor to go for the investment.
a) Yield b) Security c) Safety d) Liquidity

5. ____________________ analysis is used to forecast National Income with its various components that have a bearing on the concerned industry and the company in particular.
a) Economic b) Social c) Technological d) Industrial.

6. ______________________Analysis is concerned with the fundamental strength or weakness of a company or an industry; as reflected by investor and price behaviour. It is the study and analysis of Security Price movements.
a) Technical b) Fundamental c) Economical d) All the above.

7. ______________ yield is useful for determining the percentage return a company pays in the form of dividends. It is calculated by dividing the annual dividend per share by the stock's price per share.
a) Dividend b) Stock Variance
c) Funds management d) None of the above.

8. ______________________is a measure of how much, in earnings a company generates in a time period compared to its shareholders' equity. It is typically calculated on a full-year basis (either the last fiscal year or the last four quarters).
a) Return on equity (ROE) b) DuPont model

c) Sustainable growth d) All the above.

9. ________________ are a series of technical indicators used by traders to predict the direction of the major financial indexes.
   a) Market Indicators b) Index Parameters
   c) Series of Financial Assets d) All the above.

10. ______________ is the difference between the opening price on a trading day and the closing price of the previous trading day.
    a) Gap b) Wider c) Indicators d) Finished Price.

11. A ____________________ refers to a collection of investment tools such as stocks, shares, mutual funds, bonds, cash and so on depending on the investor's income, budget and convenient time frame.
    a) Portfolio b) Security c) Stock d) Shares

12. A __________________________ refers to the science of analyzing the strengths, weaknesses, opportunities and threats for performing wide range of activities related to the one's portfolio for maximizing the return at a given risk.
    a) Portfolio Management b) Security Analysis
    c) Stock Management d) All the Above.

13. ____________________portfolio management services, an individual authorizes a portfolio manager to take care of his financial needs on his behalf.
    a) Discretionary b) Active
    c) Passive d) All the Above.

14. __________________ are the people who buy and sell in the stock exchange may have different motivations for doing so. They are always expect a long rate of return.
    a) Speculator b) Investors
    c) Share Gainer d) None of the Above.

15. S&P CNX, CNX Nifty Junior , S&P CNX 500 are __________________
    a) National Stock Exchange Index b) Bombay Stock Exchange Index.
    c) Traditional Exchange d) All the above.

16. _______________ is the potential for variability in returns.
    a) Risk b) Return c) Profit d) Capital

17. ________________________is a type of systematic risk that particularly affect the debt securities like Bonds and Debenture.
    a) Interest Rate Risk b) Market Risk
    c) Purchasing Risk d) Unsystematic Risk

18. __________________Risk refers to the variations in investors return cause by inflations.
    a) Purchasing Power Risk b) Unsystematic Risk
    c) Market Risk d) All the above

19. ____________________risk is a function of Financial Leverage which uses debt in the capital structure.
    a) Financial Risk b) Purchasing Power Risk
    c) Unsystematic Risk d) Market Risk

20. ________________________ rate determine the cost and availability of credit for companies operating in an economy.
    a) Interest Rate b) Inflation
    c) Growth Rate d) None of the above.

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