Goa Vidyaprasarak Mandal's

GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS, PONDA GOA

M. COM. (SEMESTER –II) EXAMINATION, NOVEMBER 2014

CO204 SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Duration : 2 hours Total Marks: 50

Instructions: *1) All questions are compulsory*
*2) Each Question Carries **10** marks.*

Q.1] Answer the following: (5 X 2 = 10)

a) Security Analysis
b) Odd Lot Trading
c) Futures
d) How many inputs are needed for portfolio analysis involving 60 securities for Sharpe & Markowitz Models?
e) A Stock Costing ₹ 100 pays no dividend. The possible prices that stock might sell for at the end of the year with the respective probabilities as follows:-

Price ₹	95	100	105
Probability	0.25	0.25	0.50

Calculate the Expected Return.

Q.2.A] Distinguish between Systematic Risk and Unsystematic Risk. (10)

OR

Q.2.X] What is meant by Economic Analysis? Discuss the relevant factors to Economic Analysis. (10)

Q.3.A] Discuss the Markowitz model of Risk-Return Optimization. (10)

OR

Q.3.X] What is Dow's Theory? Elaborate in brief its importance in Technical Analysis. (10)

Q.4.A] Write short notes on Barometric /Indicator Approach. (5)

B] Following data give the market return and the Sun company scrip's return for a particular period

Index Return	5.6	3.3	7	4.2	7
Stock Return	6.7	4	9.2	6.3	2.6

What is the beta of the Sun company scrip? (5)

OR

Q.4.X] Write short notes on Security Market Line. (5)

Y] A ₹ 100 par value bond bearing a coupon rate of 14% will mature after 6 years. What is the value of the bond, if the discount rate is 15 %? (Note PVIFA 15% 6yrs = 3.784, PVIF15% 6yrs = 0.432) (5)

Q.5.A] You decide to buy 1000 shares of a IT company with the intention of selling out at the end of 5 years. The Company will pay ₹ 4.50 per share as dividends for the first three years and ₹ 5.50 per share for the next 2 years. You further estimate that at the end of the 5 year holding period, the shares can be sold for ₹.90. What would be you be willing to pay today for these shares if your required rate of return is 12%? (10)

OR

Q.5.X] The following information is provided regarding the performance of the funds namely A Advantage, B Advantage and C Advantage. The risk free rate of interest to be 10%.

	R_P	σ_P	β
A Advantage	17	24	1.1
B Advantage	19	27	1.2
C Advantage	15	20	0.9
Market Index	16	20	1

Calculate Treynor Measure, Sharpe Measure and Jensen measure of the three funds. (10)

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