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Gopal Govind Poy Raiturcar College of Commerce and Economics,
Ponda Goa

M.Com (Semester II) Examination, April 2015

CO204: SECURITY ANALYSIS & PORTFOLIO MANAGEMENT (OB 10A)

Duration : 2 hours

Total Marks: 50

*Instructions: 1) Answer all Questions
2) Each question carries 10 marks*

1. Answer the following: (5 x 2marks = 10)
- Speculation
 - Short selling
 - Options
 - Security analysis
 - How many inputs are needed for portfolio analysis involving 45 securities for Sharpe and Markowitz models?

2. A) What is risk? How is unsystematic risk different from systematic risk. (10)

OR.

- 2.X) What is Industry Analysis? Explain Industry Analysis theory. (10)

3. A) What is Dow's Theory? Explain its importance in Technical Analysis. (10)

OR

- 3.X) Discuss the Markowitz Theory of portfolio selection. How Markowitz theory helps in planning an investor's portfolio. (10)

- 4.A) You have decided to buy 250 shares of a software company with the intention of selling out at the end of five years. You estimate that the company will pay ₹2 per share as Dividends for first two years and ₹ 4 per share for next three years. You further estimate that at the end of five years holding period, the share can be sold for ₹ 85. What would you be willing to pay today for these shares if your required rate of return is 12%. (10)

OR

4.X) The face value of a 10 year bond (with 10% coupon rate) is ₹1000. The interest is payable annually. Assuming 14 percent required rate of return of investors, compute the value of the bond. [Note : PVIF Annuity for 10 years at 14 percent is 5.216 and PVIF for 10 years at 14 percent is 0.270] (10)

5.A) The following information is provided regarding the performance of funds namely Axis MF, Birla MF and Canara MF. The risk free rate of interest to be 10%

MF	Mean Return %	S.D %	Beta
Axis MF	18	26	1.1
Birla MF	14	19	1.0
Canara MF	16	23	0.9
Market Index	17	21	1.00

You are required to calculate Treynor's Ratio, Sharpe Ratio and Jensen's Ratio to evaluate the performance. (10)

OR

5.X) The Stocks of SBI and Reliance has the following probability distribution of return for next year.

State of economy	Probability	SBI	Reliance
Boom	.10	16	22
Recession	.20	-7	-4
Normal	.40	12	11
Recovery	.10	11	16
Slow Growth	.20	14	20

You are required to calculate:-

- Expected Return of both stocks
 - What is the covariance of returns
- (10)