

G.V.M's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS
FARMAGUDI – PONDA

M.COM. (SEMESTER-II) EXAMINATION, November 2015
CO204 SECURITY ANALYSIS & PORTFOLIO MANAGEMENT (OB10A)

Duration: 2 hours

Total Marks: 50

Instructions: 1) Answer all questions.
2) Each question carries 10 marks.

Q.1] Answer the following: (5X2=10)

- What is the difference between call option and put option
- Treynor's performance index
- What is market security line
- What is yield to maturity of a bond?
- What is Investment management?

Q.2A] Define Risk. Explain the components of risk, the Systematic Risk and Unsystematic Risk? (10)

OR

Q.2B] What is industry analysis? Explain Industry life cycle theory. (10)

Q.3A] CAPM can be used to evaluate the pricing of securities". Discuss. (10)

OR

Q.3B] What are the three forms of Market Efficiency? State its implications. (10)

Q.4A] A Rs 100 par value bond bears a coupon rate of 14 percent and matures after 5 Years. Interest is Payable Semi-annually. Compute the value of the bond if the required rate of return is 16%

(Note : PVFA at 8% for 10 years is 6.710 and PVIF at 8% for 10 years is 0.463) (10)

OR

Q.4B] The following details are available with respect to stock of company A and Company X:

Probability	Rate of Returns	
	A %	X%
0.05	-2	-3
0.20	9	6
0.50	12	11
0.20	15	14
0.05	26	19

- Determine the Expected Return and Standard Deviation of Stock A and Stock X.
- If the investor wishes to construct a portfolio by investing 60% of funds in Stock A and the remaining 40% in Stock X, What would be the Return and Risk of Portfolio of A and X? (10)

Q.5A] Consider the following information for three mutual funds Reliance mutual fund, Tata mutual fund and HDFC mutual Fund and the market index. (10)

	Mean Return	Std. Dev	Beta
Reliance mutual fund	15	20	0.9
Tata mutual fund	17	24	1.10
HDFC mutual Fund	19	27	1.20
Market index	16	20	1.00

The mean risk free rate was 10%. Calculate the treynor measure, sharpe measure and Jensens measure for the three mutual funds and the market index. (10)

OR

Q.5B] A 10% bond of FV ₹1000 has a current market price of ₹864.20. Find out the duration, modified duration and convexity of the bond given that the YTM of the investor is 12%. Also find out the expected price as per duration and convexity if the YTM increases to 14%. Life of the bond is 15 years. (10)