Sl. No. **10067**

PG-516

II Semester M.Com. (FA) (CBCS) Examination, July - 2019

FINANCE AND ACCOUNTING

Paper - 2.4 : SECURITIES ANALYSIS AND PORTFOLIO MANAGEMENT

Time : 3 Hours   Max. Marks : 70

SECTION - A

Answer **any seven** questions out of **ten**. Each question carries **two** marks.

1. (a) What is personal finance ?   **7x2=14**
    (b) What do you mean by premium bonds and discount bonds ?
    (c) Pioneer's Preference shares are selling for ₹ 66 per share in the market and pay annual dividend of ₹ 6.60. What is the expected ROR on P.S. ? If an investor's required ROR is 14%, what is the value of P.S. for that investor ?
    (d) What do you mean by portfolio beta ?
    (e) What do you mean by fundamental analysis ?
    (f) State any two differences between SML and CML.
    (g) What is meant by Markowitz efficient frontier ?
    (h) What is portfolio revision ?
    (i) What is price earning ratio ?
    (j) Define Rights Issue.

SECTION - B

Answer **any four** questions out of **six**. Each question carries **five** marks.

2. Differentiate between investment and speculation.   **4x5=20**

3. A portfolio consists of 3 securities 1, 2 and 3. The properties of these securities are $w_1 = 0.4$, $w_2 = 0.6$ and $w_3 = 0.3$. The S.D. of these securities are $\sigma_1 = 7$, $\sigma_2 = 10$, $\sigma_3 = 11$ and correlation co-efficient among securities returns are $r_{12} = 0.5$, $r_{13} = 0.7$, $r_{23} = 0.8$. Calculate S.D. of portfolio return.

4. Following information is available in respect of a bond.
   Face value = 2000, Life = 5 years, expected yield = 14%, coupon rate = 9% and maturity is at par. Find :
   (a) How much price an investor should be ready to pay for the bond if interest is payable on half yearly basis ?
   (b) What would be the bond price of interest if paid yearly ?

5. Describe portfolio management framework.

6. Write a brief note on the risks in international investment.

7. Differentiate between financial assets and real assets.

P.T.O.

SECTION - C

Answer **any three** questions out of **five**. Each question carries **twelve** marks.

3x12=36

8. The chart, trend and trend reversal patterns are the basic tools used by technical analysts to study share price movement. Explain.

9. Mr. Arun got the following information regarding his favourite stocks. He wants to invest in all four stocks equally.

Stock	α	β	σ^2_{et}
1	1.27	1.50	50
2	1.02	1.05	40
3	2.48	1.37	20
4	0.47	0.86	35

The market variance is 27. The markets expected return is 22%.

(a) What would be Arun's portfolio return and risk ?

(b) Can you advise him regarding the amount to be allocated on each security so as to enhance his earnings ?

10. An investor has invested in a company which is growing at an above average rate, translated to an annual increase in dividends of 18% for 16 years. There after dividend growth returns to an average rate of 8%. The capitalization rate of the company is 11% and the current dividend per equity share is ₹ 2.00.

Determine the value of equity share according to Two-Stage Dividend Growth Model.

11. Consider the following information for the 3 mutual funds A, B, C and market.

Funds	Mean Return (%)	S.D. (%)	β
A	13	19	1.3
B	11	16	1.1
C	14	21	1.4
Market Index	12	18	1.2

The mean risk-free rate was 8%. Calculate the Treynor, Sharpe and Jensen measures for the 3 mutual funds and the market index.

12. 'Indian stock market is efficient'. In light of the given statement discuss the various forms of efficiency along with their empirical tests.

- o O o -