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Reg. No. : .....

Name : .....

**Third Semester M.Com. Degree Examination, January 2023**

**Elective: Finance**

**Paper II : CO 232 F – SECURITY ANALYSIS AND  
PORTFOLIO MANAGEMENT**

**(2018 Admission Onwards)**

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **all** questions. **Each** question carries **2** marks.

1. Investment is a financial activity that involves risk. Validate your answer by citing an example.
2. What is a financial market?
3. Distinguish between institutional investors and individual investors.
4. What are the elements of risk?
5. Explain Monte Carlo simulation method used for calculating VaR.
6. What is Beta? How is it interpreted?
7. Write a short note on industry life cycle.
8. Explain the concept of present value in share valuation.

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9. What is Yield to Call?
10. What is interest rate risk?

**(10 × 2 = 20 Marks)**

SECTION – B

Answer any **five** questions. **Each** question carries **5** marks.

11. State the principles of the Bond pricing theorem.
12. Describe in detail the concept of Moving Average Convergence and Divergence (MACD).
13. Distinguish between Technical Analysis and Fundamental Analysis.
14. How are Flags and Pennants useful in studying share price trends?
15. Calculate the expected return of the portfolio from the below given information.

Security	Returns (per cent)	Proportion of investment.
A	12	0.2
B	17	0.3
C	23	0.1
D	20	0.4

16. Explain how risk and return of individual security are estimated under single index model.
17. Compare and contrast CML and SML.
18. Explain Dollar Cost Averaging.

**(5 × 5 = 25 Marks)**



## SECTION – C

Answer any **two** questions. **Each** question carries **15** marks.

19. Describe the key economic variables that an investor must monitor as part of his fundamental analysis.
20. The value of a bond is equal to the present value of its expected cash flows. Elucidate with an example.
21. Hakko Ltd. has a 14 per cent debenture with a face value of Rs.100 that matures at par in 15 years. The debenture is callable in five years at Rs. 114. It currently sells for Rs. 105. Calculate each of the following for this debenture:
  - (a) Current yield
  - (b) Yield to call
  - (c) Yield to maturity
22. What is RSI? Explain its calculation and interpretation.

**(2 × 15 = 30 Marks)**

