

2018**M. Com.****3RD Semester Examination****SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT****PAPER – COM – 301****Full Marks : 50****Time : 2 Hours****The figures in the right-hand margin indicate full marks.****Candidates are required to give their answers in their own words as far as practicable.****UNIT – I****1. Answer any two questions of the following: 5 X 2**

- (a) What are the differences between fundamental and technical analysis?
 (b) Calculate the beta of security XY from the given information and interpret the result

Year	Return from XY (%)	Return on market (%)
1	11	14
2	14	13
3	10	11
4	5	5
5	12	14

4+1

- (c) Explain the strong form of efficient market hypothesis. How far is it validated? 5
 (d) 'There is a trade-off between Risk and Return' - Explain.

2. Answer any one questions of the following: 10 X 1

- a) i) Describe the term Systematic Risk and why is it so called?
 ii) Explain charts as a tool for technical analysis. 3+2+5
 b) i) What is holding period rate of return and write its formula.

(Turn Over)

ii) You bought 100 equity share of AB Ltd in 2006 @ Rs. 250/- each and which went up to Rs. 290/- after one year. During 2016, the total dividend received on this shares are Rs. 2250/-. Calculate the holding period rate of return.

iii) Discuss the Dow Theory

2+3+5

UNIT – II**3. Answer any two questions of the following: 5 X 2**

- a) Discuss the role of Correlation Coefficient in portfolio risk considering the two security portfolios only.
 b) You are required to prove that for an equity share having a constant growth rate of dividend, the intrinsic value is as follows :
 $P_0 = D_1 / (K_e - g)$, where P_0 , K_e , D_1 and g have their standard notations.
 c) Following data are available relating to HSBC Equity fund.

Particulars	Rs.
Investment in Large lap equity	450000
Investment in Mid lap equity	180000
Investment in Small lap equity	230000
Dividend accrued	55800
AMC expenses payable	18000
Dividend payable	16000
No of units outstanding	35870

Calculate NAV of HSBC equity fund.

d) Distinguish between open ended fund & close ended fund and entry load & exit load.

4. Answer any one questions of the following: 10 X 1

- a) i) Mr. Tiwari has invested in three mutual funds from the following information you are to require about the ranking of funds based on Treynor ratio and Sharpe ratio considering the risk free return @ 5.5%–

Fund	A.A.R (%)	S.D.	Systematic Risk
Humpty	12.5	2.15	125
Dumpty	14.1	3.54	1.59
Bunty	19.9	2.16	1.61
Nifty	19.5	1.16	1

- ii) What do you understand by the Capital Market Line ? 5+5
 b) i) Is zero portfolio risk possible? If so then derive the condition.
 ii) Write a short note on the Security Market Line. 5+5

(Internal Assessment :10 marks)