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Post-Graduate Dept. of Commerce (M.Com)
M.Com, Semester –IV, Semester End Examination, (Repeat), November 2022
Accounting & Finance
COC430 Security Analysis & Portfolio Management (0A-18A)

Duration: 3hrs **Max Marks: 60**

Instructions:

1) *This paper consists of nine questions carrying equal marks.*
2) *Question No.1 consists of 5 compulsory questions of 2 marks each*
3) *Answer any 5 questions from question 2,3,4,5,6,7,8 and 9.*
4) *Each question carries 10 marks. Figures to the right indicate marks*

Q.I. Answer the following

i. Odd lot market
ii. Security market line
iii. Inflation bond
iv. Aggressive portfolio strategy
v. Need for portfolio evaluation

2. What economic factors would you be most interested in forecasting if you were an analyst investigating the major consumer durable goods sales for next year? **10**

3. A. Compare and contrast the anticipatory survey and econometric approach to economic forecasting. **04**

B. The following data depicts the closing prices of Tata Motors for the period 28/05/2022 to 09/06/2022. **06**

Date	Closing prices
18-May-22	983.6
19-May-22	972.95
20-May-22	983.2
23-May-22	972.45
24-May-22	967.05
25-May-22	938.9

26-May-22	943.45
27-May-22	979.75
30-May-22	1004.8
31-May-22	985.75
01-Jun-22	969.85
02-Jun-22	969.55
03-Jun-22	956.55
06-Jun-22	942.05
07-Jun-22	930.9
08-Jun-22	918.55
09-Jun-22	958.65

B. Compute the following

i. 07 days ROC

ii. 14 days RSI

4. I. A Steel company paid a dividend of Rs. 2.50 during the current year. Forecasts suggests that earnings and the dividends of the company are likely to grow at the rate of 10% over the next five years and at the rate of 6% thereafter. Investors have traditionally required rate of return of 18% on these shares. What is the present value of the stock. **05**

II. An investor is considering a purchase of a bond currently selling for Rs. 875. The bond has four years to maturity, a face value of Rs.1000 and a coupon rate of 9%. The appropriate discount rate for investment of similar risk is 15%. Calculate the yield to maturity of the bond. Based on the calculation, should the investor purchase the bond. **05**

5. I. A person owns a Rs.1000 face value bond with five years to maturity. The bond makes annual interest payments of Rs. 80. The bond is currently priced at Rs. 980.Given the market interest rate is 10%, should the investor hold or sell the bond. **05**

II. Elucidate multiplier growth approach model **05**

6.Explain the concept of efficient frontier in the context of portfolio selection. **10**

7. The estimated rates of return, beta coefficients and standard deviations of some securities are as given below: **10**

Security	Estimated return(%)	Beta	Standard deviation
A	35	1.60	50
B	28	1.40	40
C	21	1.10	30
D	18	0.90	25
E	15	0.75	20
F	12	0.60	18

The risk -free rate of return is 8%. The market return is expected to be 20%. Determine which of the above securities are overpriced and which are underpriced.

8. Compare and contrast constant rupee value plan and constant ratio plan with illustration. **10**

9.Given the following information **10**

	Portfolios			
	A	B	C	D
Beta	1.10	0.8	1.8	1.4
Returns(%)	14.5	11.25	19.75	18.5
Standard Deviation	19	18.5	27.3	24.5

Risk free rate of return=9% and Market return=15%

Calculate:

i. Sharpe ratio
ii. Treynor ratio
iii. Jensen ratio

**********Best Wishes**********