

**THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2018**

(CUCSS—PG)

M.Com.

Elective : Finance

MC 3E (F) 02—SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(2015 Syllabus Year)

Time : Three Hours

Maximum : 36 Weightage

**Part A**

*Answer all the questions.*

*Each question carries 1 weightage.*

1. What is investment activity ?
2. Who are conservative investors ?
3. What is random walk theory ?
4. What is bond ?
5. What is CAPM ?
6. What factors necessitate portfolio revision ?

(6 × 1 = 6 weightage)

**Part B**

*Answer any six of the following.*

*Each question carries 3 weightage.*

7. Discuss the features of investment avenues available in India. Also bring out the merits and demerits of each avenue.
8. Explain the different types of risk.
9. State Sharpe and Treynor's index.
10. Define Markowitz diversification. Explain the statistical method used by Markowitz to obtain the risk reducing benefits.
11. Economic forecasting is an integral part of fundamental analysis. Define the various methods to forecast the economy.
12. What is the Capital Assets Pricing Model ? Explain the assumption on which the CAPM based ?

**Turn over**

13. What is the difference between the SML and CML.
14. Enumerate the essential features of an investment programme.

(6 × 3 = 18 weightage)

### Part C

*Answer any two of the following.  
Each question carries 6 weightage.*

15. Consider two situations, a young man 'X' in early twenties and another young man 'Y' in late thirties. X and Y earn same amount of money. Mr. Y has a family, a house, a car and all the encumbrances related with the marital status. Both of them like to invest in securities. What would be their constraints and objective of investments?
16. Define the efficient market hypothesis each of its three forms. What are its implication?
17. Under what conditions is it possible to construct a portfolio of two risky securities which ensures riskless return? Find the proportions of two securities in such a portfolio.

(2 × 6 = 12 weightage)