

**M.Com. DEGREE (CSS) EXAMINATION, JUNE 2016****Fourth Semester**

Faculty of Commerce

Elective – Finance

**SA 04EC 03 – SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**

[2012 Admissions – Regular]

Time : Three Hours

Maximum Weight : 30

**Part A**

*Answer any five questions.  
Each question carries 1 weight.*

1. Write brief note on 'risk premium'.
2. How do you calculate expected returns?
3. Define Investment.
4. What do you mean by EIC analysis?
5. What do you mean by Candle Stick Chart?
6. Write short notes Advance-Decline line.
7. What is Security Market Line?
8. What is P/E ratio?

(5 × 1 = 5)

**Part B**

*Answer any five questions.  
Each question carries 2 weight.*

9. Briefly explain the phases of Portfolio Management.
10. Explain the various economic variables which affect the investment decision.
11. What are the criticisms levelled against Random Walk Theory?
12. The annual dividend from a preference share is Rs. 5 and the required rate of return is 10%. What is it worth today?
13. Briefly explain Markowitz diversification.
14. Explain the practical problems in applying CAPM in Investment Appraisal.
15. Explain Systematic and Unsystematic risk.
16. Briefly explain how trends can be identified using the principles of Dow Theory.

(5 × 2 = 10)

**Turn over**

**Part C**

Answer any **three** questions.

Each question carries 5 weight.

17. 'Stock market indicators are extremely important in the process of determining the viability of purchasing stocks of a particular company'. Explain the widely used market indications.
18. What do you mean by Technical Analysis?
19. Explain in detail the efficient Market Hypothesis.
20. Explain the function of Stock Markets in India.
21. Calculate the expected return and the standard deviation of return for a stock having the following probability distribution of returns :

Possible returns (%)	Probability
-25	0.05
-10	0.10
0	0.10
15	0.15
20	0.25
30	0.20
35	0.15

22. What are the benefits of investment and how do you collect information for making investment?

(3 × 5 = 15)