Roll No: ________

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Post-Graduate Department of Commerce (M. Com)

M.Com Part-I, Semester-II, Semester End Examination, Repeat November 2023

COTC-411: Security Analysis and Portfolio Management (OA - 35)

Duration: 2 Hours **Max Marks: 40**

Instructions:

1. *This paper consists of **Seven** questions carrying Equal marks.*
2. *Question No.1 consists of **5 Compulsory** questions of 2 marks each.*
3. *Answer **any Three** questions from question **2,3,4,5,6, and 7.***
4. ***Each** question carries **10 marks**. Figures to the **right** indicate marks.*

Q.1. Answer the Following Questions: **(5X2=10)**

a) How is Investment different from Gambling and Speculation (State any Two Points)

b) In short explain CML and SML.

c) The Price of Rs.1000 par value bond carrying a coupon rate of 6% and maturing after 5 years is Rs. 1020. Calculate the Approximate Yield to Maturity on the Bond.

d) Describe Markowitz Efficient Frontier.

e) State the assumptions of Formula Plans.

Q.2. The performance of a Company is also dependent on the performance of the Economy, where some economic factors have a positive impact while the others have an adverse impact on the Company performance. Anticipating such an impact is not always easy as the Economy is also influenced by the element of future uncertainty. In light of this Statement, explain briefly how a company can forecast and analyze the Economic Impact on its Market performance. **(10)**

Q.3.A. Blue Company issues a Rs. 1,000 bond, with a coupon of 8% payable annually. It matures in six years. Calculate Macaulay Duration and Modified Macaulay Duration for the Blue Company Bond. **(6)**

B. Bonds or debentures, are issued by companies and financial institutions as a means of raising money from the markets in the form of loans. Highlight and explain the types of Bonds issued in the market based on their distinctive features. **(4)**

Q.4. The following information is available about the stocks of two companies A and B:

Stock A

Expected Return (%)	Probability
-10	0.10
15	0.35
20	0.30
25	0.25

Stock B

Expected Return (%)	Probability
10	0.15
20	0.20
25	0.30
30	0.35

The coefficient of correlation between the returns on A and B is 0.05. A portfolio is constructed by allocating the funds between A and B in the ratio of 2:3.

You are required to calculate:

a. The expected return on the portfolio.

b. The portfolio risk. **(10)**

Q.5.A. Rank the following three funds based on Sharpe and Treynors Index.

Growth Fund	Return	Beta	Standard Deviation
S	15	1.5	12
E	17	1.6	14

J	13	0.75	11
Rf	9 %		

Is there any difference in the ranking according to these measures? If so, why? **(6)**

B. Formula Plans provide the basic rules for the purchase and sale of securities in a portfolio. Illustrate and discuss briefly any two types of Formula Plans as per the Investment Objective of Investors. **(4)**

Q.6. A. Following are details on Two Bonds:

	Bond X	**Bond Y**
Face Value	Rs. 1000	Rs. 1000
Coupon Rate	8%	12%
Term to Maturity	4 Years	5 Years
Market Price	Rs. 810	Rs. 980
Required rate of return	9%	11%

You are required to Calculate Current Yield and Value of the two bonds. Identify which bond is overly and underly priced in the market. **(5)**

B. As a part of Analyzing suitable Industries for Investment, Explain Porter's Five Force Model. **(5)**

Q.7.A. The following details are given for Sun and East Companies stocks and the Nifty 50 for a period of one year. Calculate the systematic and unsystematic risk for the Companies stocks.

	Sun Stock	East Stock	Nifty 50
Average Return	0.15	0.25	0.06
Variance of Return	6.30	5.86	2.25
Beta	0.71	0.685	
Correlation Coefficient	0.424		
Coefficient of Determination	0.18		

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B. Portfolio Revision is a continuous and systematic process of revising the proportion of Investment in a portfolio. In light of this statement, Explain briefly the objectives and strategies available for undertaking Portfolio revision. **(5)**

***********ALL THE BEST***********