K25P 2920

Reg. No. : .....

Name : .....

III Semester M.Com. Degree (C.B.C.S.S. – O.B.E. – Reg./Supple./Imp.) Examination, October 2025
(2023 Admission Onwards)
CMCOM03C12 : SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time : 3 Hours Max. Marks : 60

SECTION – A

Answer **any five** questions in this Section. **Each** carries **3** marks.

1. Distinguish between Speculation and Gambling.

2. *"Do not put too many eggs into a single basket."* How does this principle signify the features of the Markowitz Model ?

3. A 9% bond with face value ₹ 1,000 sells at ₹ 1,050 for 3 years. Find the current yield of the bond.

4. Find the Duration of the Bond from the following data :

Coupon rate of the bond	7%
Face value of the bond	₹ 1,000
Years to maturity	4
YTM of the bond	6%

Assume that the interest payments are being made annually.

5. Stocks Y and Z have the following parameters :

	Y	**Z**
Expected Return	20%	30%
Expected Variance	16%	25%
Covariance of Y and Z	20	

Is there any advantage of holding a combination of Y and Z ?

6. Last year's dividend of a company was ₹ 40. The expected growth rate is 5%. Rate of return is 10%. Determine the value of the equity share (pg 130-koroth).

(5×3=15)

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SECTION – B

Answer **any three** questions in this Section. **Each** carries **5** marks.

7. *"Portfolio Selection depends upon various factors."* Illustrate.

8. Evaluate the macroeconomic factors influencing investment decisions for an investor.

9. *"The Elliot Wave Theory is based on the principle that action is followed by reaction."* Critically analyse.

10. Two securities, P and Q, generate the following sets of expected returns, SD :

P	**Q**
Expected return = 15%	Expected return = 20%
SD= 50%	SD= 30%

Assume the correlation coefficient between P and Q is – 0.60. The portfolio is constructed with 40% of funds invested in P and 60% in Q. Compute the return and risk of the portfolio.

11. A security pays a dividend of ₹ 8.17 and its currently being sold at ₹ 95. Its expected to be sold at ₹ 135 at the end of the year. The security has an Alpha value of 3.51; Return on NSE NIFTY is 26.5% and that on CIPLA Stock is 18.86%. Assume the R_f is 5%. Assess whether the security is correctly priced or not. **(3×5=15)**

SECTION – C

Answer **any three** questions in this Section. **Each** carries **10** marks.

12. Describe in detail the Charting tools and techniques in the Technical Analysis.

13. Sajay is considering buying a bond currently selling at ₹ 878.50. The bond has 4 years to maturity with a face value of ₹ 1,000 and a coupon rate of 8%. The next annual interest payment is due after one year. The required rate of return is 10%. Assume that the bond can be called 2 years from now at a price of ₹ 1,080.

a) Calculate the *Intrinsic value* of the bond. **3**

b) Should Sajay buy, sell or hold the bond ? **1**

c) Find out the *YTM* of the bond. **3**

d) Also, calculate the *YTC* of the bond. **3**

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14. Validate the Investment Avenues in India. Also, design the Risk-Return profile for these investments.

15. Consider the three portfolios given below :

Portfolio	Average annual return (%)	SD(%)	Correlation Coefficient of market and portfolio
Z	18	27	0.8
A	14	18	0.6
K	15	8	0.9
Market	13	12	–

If the risk-free rate of interest is 9%; then Rank these portfolios using :

a) Sharpe's Index **3**

b) Treynor's Index **3**

c) Jenson's Index **4**

16. The return and the probability distribution of investment in 2 companies A and B are given below :

Company A		Company B	
Return (%)	**Probability**	**Return (%)**	**Probability**
6	0.10	4	0.10
7	0.25	6	0.20
8	0.30	8	0.40
9	0.25	10	0.20
10	0.10	12	0.10

Calculate the expected return and standard deviation of both companies. Decide which company is the best to prefer for the investor. **(3×10=30)**

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