



MS – 459

VI Semester B.Com. Examination, May 2016
(2014 – 15 & Onwards) (Fresh + Repeaters)

COMMERCE

Paper – 6.6 : Elective Paper – IV : Security Analysis & Portfolio
Management

Time : 3 Hours

Max. Marks : 100

Instruction : Questions to be answered in **English** or in **Kannada**.

SECTION – A

Answer **any ten** questions. **Each** question carries **2** marks.

(10×2 = 20)

1. a) What do you mean by Investment strategies ?
b) What is Systematic Risk ?
c) Give the meaning of company analysis.
d) What do you mean by undervalued shares ?
e) What is portfolio revision ?
f) What is GDR ?
g) Give the meaning of Intrinsic value.
h) What do you mean by Beta ?
i) What is Security Market Line ?
j) What is Depository Receipts ?
k) Give the meaning of Diversification.
l) Expand FCCB.

SECTION – B

Answer **any four** questions. **Each** question carries **8** marks.

(4×8=32)

2. Briefly explain factors affecting investment decisions.
3. Briefly explain the classification of Standard Industries.
4. What is Global Mutual Funds ? What are the reasons for investing in GMF ?
5. Calculate the expected return and standard deviation of return for a stock having the following probability distribution of returns.

Possible Returns(in %) : 35 30 20 15 0 -10 -25

Probability of Occurrence : 0.15 0.20 0.25 0.15 0.10 0.10 0.05

P.T.O.



6. Determine the expected rate of return on individual portfolio by applying CAPM, if Risk-free rate is 5% and the market return is 9%

Stock :	A	B	C	D	E
Beta (β) :	0.70	1.00	1.15	1.40	-0.30

SECTION - C

Answer **any three** questions. **Each** question carries **16** marks. **(3×16 = 48)**

7. What is Economic Analysis ? Discuss the important economic forces within which the factors of investment operate.
8. What is CAPM ? What are the assumptions of CAPM and its limitations.
9. The possible returns and associated probabilities of securities A & B are given below

Security - A

Probability (P) : 0.05 0.15 0.40 0.25 0.10 0.05

Return % (R) : 12 20 30 36 40 48

Security - B

Probability (P) : 0.10 0.20 0.30 0.25 0.10 0.05

Return % (R) : 10 16 24 30 36 40

Calculate the expected return and standard deviation of security A & B.

10. With the given details, evaluate the performances of the different funds using Sharpe and Treynor performance evaluation techniques.

Funds	Return (%)	S.D (σ)	Beta
A	4	40	1.96
B	24	36	1.94
C	16	44	2.34
D	18	48	2.44
E	14	20	0.9
F	21	27	1.5

Risk-free rate of return is 8%.