



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%.



VI Semester B.Com. Examination, May 2017
(CBCS) (Fresh) (2016-17 and Onwards)

COMMERCE

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

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written completely either in **English** or in **Kannada**.

SECTION – A

Answer **any five** sub-questions. **Each** sub-question carries **2** marks. (5×2=10)

1. a) What is unsystematic risk ?
- b) State any two sources of business risk.
- c) What is capital market line ?
- d) What is portfolio revision ?
- e) State any two benefits of diversification.
- f) What is economic analysis ?
- g) What are global mutual funds ?

SECTION – B

Answer **any three** questions. **Each** question carries **6** marks. (3×6=18)

2. Distinguish between investment and speculation.
3. State the assumptions of CAPM.
4. From the following calculate expected return for the following portfolio of 5 securities.

Securities	A	B	C	D	E
Amt. of Investment	1,50,000	2,50,000	3,00,000	1,00,000	2,00,000
Expected Return	15%	12%	18%	20%	18%

5. The following table gives an analyst's expected return on two stocks for particular market returns.

Market Return	Aggressive Stock	Defensive Stock
8%	2%	10%
20%	32%	16%

- i) What is the beta of the aggressive stock and defensive stock ?
 - ii) If the risk free rate is 6% and the market return is equally likely to be 8% and 20%, what is the risk premium ?
6. Give the meaning of ADRs, GDRs and FCCBs.

P.T.O.



SECTION - C

Answer **any three** questions. **Each** question carries **14** marks.

(3x14=42)

7. The returns of two assets under four possible states of nature are given below.

State of Nature	Probability	Return on Asset 1	Return on Asset 2
1	0.10	5%	10%
2	0.30	10%	18%
3	0.50	15%	24%
4	0.10	20%	20%

- a) What is the expected return on the asset 1 and asset 2 ?
- b) What is the standard deviation of asset 1 and asset 2 ?

8. The following information is available.

	Stock A	Stock B
Expected Return	16%	12%
Standard deviation	15%	8%

Co-efficient of correlation 0.60

- a) What is the co-variance between Stocks A and B ?
- b) What is the expected return and risk of a portfolio in which A and B have weights of 0.6 and 0.4 ?
- c) What is the expected return and risk of a portfolio in which A and B have equal weights ?

9. The following information is available regarding three mutual funds.

	R_p	σ_p	β
Birla	25.38	4	0.23
Sundaram	25.11	9.10	0.56
Sun	25.00	3.55	0.60

Rank them with the help of Sharpe index and Treysor index.

- 10. Explain the factors to be considered in the company analysis.
- 11. Explain the various investments avenues.

VI Semester B.Com. Examination, May/June 2018
(CBCS) (2016-17 Only) (Repeaters)

COMMERCE

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

Time : 3 Hours

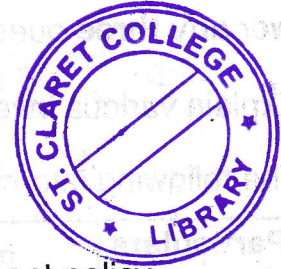
Max. Marks : 70

Instruction : Answer should be written in **English or Kannada.**

SECTION – A

Answer **any five** sub-questions. **Each** sub-question carries **2** marks. **(5×2=10)**

1. a) What is portfolio revision ?
- b) What do you mean by diversification ?
- c) What do you mean by investment strategies ?
- d) Expand FCCB.
- e) List out any two factors that determine a sound investment policy.
- f) What is fundamental analysis ?
- g) Give the meaning of intrinsic value.



SECTION – B

Answer **any three** questions. **Each** question carries **6** marks. **(3×6=18)**

2. Briefly explain factors affecting investment decisions.
3. Explain the factors to be considered in economic analysis.
4. Calculate the expected rate of return on individual portfolio by applying CAPM and also calculate the average return of the portfolio from the following.

Particulars	Beta (risk factor)
Plywood Ltd.	0.6
Iron Ltd.	0.8
Investment in Coal India Ltd.	0.7
Government Bonds	0.9

P.T.O.



5. Shares S and T display the following returns over the past 3 years.

Year	Returns (%)	
	S	T
2012	26	24
2013	35	18
2014	16	13

- a) What is the expected return on portfolio made up of 60% of S and 40% of T ?
 b) What is the standard deviation of each share ?
6. What are the differences between speculation and investment ?

SECTION - C

Answer **any three** questions. **Each** question carries **14** marks. **(3×14=42)**

7. Explain various investment avenues.
 8. The following information is available regarding four mutual funds.

Particulars	σ_p	β	R_p
Reliance	5.00	.22	22.20
Sahara	9.20	.52	23.00
Kotak	6.00	.64	22.00
Fedility	8.00	.68	22.40

Rank them with the help of Sharpe index and Treysor index.

9. Stock X and Y have the historical returns.

Year	Return of	
	Stock X (%)	Stock Y (%)
2012	12.00	10.00
2013	16.25	18.50
2014	34.40	26.50
2015	12.50	16.00

You are required to calculate the average rate of return for each stock during the period 2012 to 2015.

Assume that the investor held portfolio consisting of 60% of stock X and 40% of stock Y. What would be the realised return on the portfolio each year ?



10. The following information is available :

Particulars	Shares P	Shares Q
Standard Deviation	10%	14%
Expected Return	16%	24%

Coefficient of correlation 0.60

- a) What is the expected return and risk of a portfolio in which P and Q equally weighted ?
- b) What is the co-variance between shares P and Q ?

11. Consider the following information for four mutual funds, safety rate 8% :

Calculate the Treysor measure and Sharpe measures :

Mutual Funds	Mean Return %	Standard Deviation %	Beta
P	26	22	1.8
Q	20	14	0.8
R	14	12	1.2
S	12	10	1.0
Market Index	10	10	1.0



34626

Reg. No.

--	--	--	--	--	--	--	--

VI Semester B.Com. Degree Examination, September/October - 2022

COMMERCE

Security Analysis & Portfolio Management
(CBCS Scheme 2019-20 Freshers-Regulars)

Paper : FN 6.4

Time : 3 Hours

Maximum Marks : 70

Instructions to Candidates :

Answer should be written in English.

SECTION - A

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

(5×2=10)

1. a) What are Investments.
- b) What is call money Market.
- c) What is systematic risk.
- d) What is Net Asset value.
- e) Calculate the expected rate of return if the probability is 0.30 and rate of return is 40.
- f) What is portfolio.
- g) What are Bonds.

SECTION-B

Answer any **THREE** questions. Each question carries 5 marks.

(3×5=15)

2. Elucidate the differences between Investment & Speculation.
3. What are the assumptions of CAPM? Enumerate the difference between CML & SML.

[P.T.O.]



4. An investor is considering 2 securities A & B. The details are as under:

A		B	
r (%)	Probability	r (%)	Probability
13.4	0.3	9.4	0.2
14.6	0.5	12.6	0.3
16.8	0.2	15.1	0.3
		18.4	0.2

- a) Which security to be chosen for investment?
 - b) What is the return on investor earns if he invest 60% of his funds in security X & 40% in security Y.
5. Identify the stocks over valued & under valued relating to the expected return, given R_f - 6%, R_m - 15% and expected return & Expected beta are furnished below:

Stock	ER (%)	SD (%)
L	14%	1.20
M	15%	0.75
N	13%	1.50
O	20%	1.60
P	10%	0.80

SECTION-C

Answer any THREE questions. Each question carries 15 marks.

(3×15=45)

- 6. Explain the investment alternatives available for investors.
- 7. Explain in detail fundamental analysis? How is it useful in the selection of securities.
- 8. Consider the following information for mutual funds. L, M & N and the market index.

Funds	Mean returns (%)	Standard deviation %	Beta
L	24	22	1.8
M	16	14	1.2
N	12	13	0.8
Market Index	10	10	1.00

The mean risk free rate was 7%. Calculate the Treynor measure, sharpe measure and Jensen measure for the four mutual fund and the market Index.



9. The committee of XYZ Ltd., recently used reports used from various security analysis to develop input for single index model. Output derived from single index model considered for full efficient portfolio.

Portfolio	ER (%)	SD (%)
1	8	3
2	10	6
3	13	8
4	17	13
5	20	18

- If prevailing risk free rate is 6%, which portfolio is best one.
 - Assume that the policy committees would take to earn an expected return 10% with standard deviation of 4% is this possible.
 - If standard deviation of 12% were acceptable, what would be the expected portfolio return.
-