

M.Com. (HPP - FFS) Sem.-2 Examination

CC-9

Security Analysis and Portfolio Management

Time : 2-30 Hours]

April-2025

[Max. Marks : 70

Q.1

(A) Define Investment. Explain Investment Versus Speculation. 7

(B) Explain Investment Objectives. 7

OR

Q.1

(A) Define Investment. Explain Investment process. 7

(B) Explain Commercial paper. 7

Q.2

(A) 12% Bond carrying par value of ₹ 1000 matures after 4 years. The Bond is redeemable at par on maturity. The expected yield to maturity is 14% the present market price is ₹ 800. Miss Yashvi an investor would like your advice whether to buy or sell it? Explain. 7

(B) The following figures are collected from the annual report of Tata Ltd.:

Particulars	₹
Net Profit after tax	24,00,000
10% preference shares	80,00,000
Number of equity shares	2,40,000
Return on Investment	20%
Cost of capital i.e. (k_e)	16%
Dividend payout ratio	60%

Find out the price of an equity share using Walter Model. 7

OR

Q.2

(A) Explain Capital Asset Pricing Model (CAPM). 7

(B) Explain Deep Discount Bond and Perpetuity Bond. 7

Q.3 Following information is available in respect of security Ginger Ltd. and Market Portfolio and the economic predictions are:

Economic Prediction	Probability	Ginger Ltd. (Return%)	Market Portfolio (Return%)
Neutral	0.50	20	10
Best	0.25	25	40
Worst	0.25	15	(20)

You are required to calculate:

- (i) the expected return of security Ginger Ltd. and Market Portfolio,
- (ii) the covariance between the returns of security Ginger Ltd. and Market Portfolio,
- (iii) the standard deviation from the returns on security Ginger Ltd. and Market Portfolio,
- (iv) the coefficient of correlation between the returns of security Ginger Ltd. and Market Portfolio.
- (v) Beta of security Ginger Ltd. 14

OR

Q.3

- (A) Explain the objectives of Portfolio Management. 7
- (B) Explain Capital Market Line. 7

Q.4

- (A) Explain Sharpe model and Treynor model in brief. 7
- (B) Explain Net Asset Value of Mutual Fund. 7

OR

Q.4

- (A) The following portfolio details of a King Mutual funds are available as on 31-03-2025:

Stock	Shares	Price (₹)
AB Metal Ltd.	12,000	50
CD Power Ltd.	8,000	40
ML Bank Ltd.	6,000	80
RS Auto Ltd.	4,000	70

Further Details are:

- (i) There are 80,000 units outstanding.
 - (ii) The fund has accrued management fees with the portfolio manager totalling ₹ 30,000.
 - (i) The fund has bank balance of ₹ 60,000 and dividend receivable of ₹ 10,000
- Calculate the NAV of the fund? 7

- (B) Following details relate to the stock Heena Ltd.'s price and Market index are as under:

Year	Security Price (in ₹)	Market Index
2023-24	6,000	75,000
2024-25	7,500	82,500

Assume that the risk-free rate of return is 6.5% and the return on market index is 16.5%.

Answer the followings:

- (i) Calculate the beta of security (β_s) under the "Rise over Run" method.
- (ii) Calculate the expected return on the security on the basis of beta value. 7

Q.5 Select the appropriate alternative: (Attempt any Seven out of Given)

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- (1) NAV changes with change in _____.
 - (a) Market value of fund portfolio
 - (b) Entry of the investor
 - (c) Exit of the investor
 - (d) None of the above

- (2) The beta value of a particular security (i.e. β_S) is 1.5. If the market portfolio return is 22.5% and the risk-free return is 7.5% then the expected return on this security under CAPM will be one of the following:
 - (a) 10%
 - (b) 25%
 - (c) 30%
 - (d) 35%

- (3) If Beta is less than 1, security is _____.
 - (a) Defensive
 - (b) Aggressive
 - (c) Neutral
 - (d) None of Above

- (4) If the covariance between the returns on security A and security B i.e. COV_{AB} is -24 and the standard deviation of returns on A and B are 6 and 5 respectively, then the value of r_{AB} will be one of the following:
 - (a) -0.8
 - (b) -1
 - (c) -4
 - (d) + 0.8

- (5) Sharpe Index considers:
 - (a) Standard Deviation
 - (b) Beta
 - (c) Gama
 - (d) None of these

- (6) Unsystematic risk is also known as _____.
 - (a) Market risk
 - (b) Unique risk
 - (c) Expected Risk
 - (d) Diversifiable risk

- (7) CML is known as _____ return.
 - (a) Capital Market Line
 - (b) Capital Minimum
 - (c) Capital Maximum
 - (d) None of the above

- (8) One of the following is the value of coefficient of correlation between the security return and market portfolio return, i.e. r_{SM}
- (a) -1
 - (b) +10
 - (c) +30
 - (d) -60
- (9) Beta measures _____.
- (a) Systematic risk
 - (b) Unsystematic risk
 - (c) Both Systematic and Unsystematic risk
 - (d) None of the above
- (10) NFO stands for _____.
- (a) News for Offer
 - (b) New Fund Offer
 - (c) New Fact Offer
 - (d) None of the above
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- (11) One factor model is also known as:
- (a) CAPM (Capital Asset Pricing Model)
 - (b) APT (Arbitrage Pricing Theory)
 - (c) Markowitz theory
 - (d) Black-Scholes Model.
- (12) For perfectly positively correlated portfolio, $r =$ _____:
- (a) +1
 - (b) -1
 - (c) +0.10
 - (d) -0.10