



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)

P.T.O.



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



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)