

18. Explain the Dow Theory and its principles.
19. Elucidate the key idea behind the Efficient Market Hypothesis.
20. Briefly explain the importance of portfolio performance evaluation and the need for it in investment management.

SECTION C – (5 x 10 = 50 marks)

ANSWER ALL QUESTIONS

21. A Examine the various investment avenues available in the market.

OR

- B Analyze the factors that influence investment choices.

22. A Discuss the main reasons for corporations and governments to issue bonds.

OR

- B Define Holding Period Return (HPR) and elaborate on its significance in evaluating the performance of preference shares.

23. A Describe the Tools for Fundamental Analysis.

OR

- B Illustrate the constraints of trend analysis in predicting trend reversals.

24. A Enumerate the assumptions of Markowitz Model and draw Markowitz model diagram.

OR

- B Specify the advantages and disadvantages of Capital Asset Pricing Model (CAPM).

25. A What Are the Key Components of Portfolio Performance Evaluation?

OR

- B What is Portfolio revision? State the key factors that require the need for Portfolio Revision?

Reg. No.

END SEMESTER EXAMINATION NOV/DEC-2023

First Semester

M.Com

ELECTIVE – I SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: Three Hours

Maximum: 75 marks

SECTION A – (15 x 1 = 15 marks)

ANSWER ALL QUESTIONS

1. What does the term "investment" refer to?

A Saving money in a bank account	B Allocating money with the expectation of future benefits
C Spending money on luxury items	D Borrowing money from a friend
2. Which of the following is an example of a fixed-income investment?

A Stocks	B Real estate
C Government bonds	D Cryptocurrency
3. What is a crucial factor influencing investment decisions in portfolio management?

A Random selection of assets	B Daily news headlines
C Personal financial goals and risk tolerance	D Ignoring market trends
4. Why do companies issue bonds?

A To increase equity	B To raise debt capital
C To issue dividends	D To decrease market share

5. In equity share valuation, what does the Price/Earnings (P/E) Ratio represent?
- A Dividend yield B Earnings per share
C Market price per share D Book value per share
6. Yield to Call is relevant for:
- A Common shares B Preferred shares
C Callable preference shares D Non-callable preference shares
7. What is a key assumption of technical analysis?
- A Historical price movements repeat B Economic indicators drive markets
C Company financial statements are crucial D Industry trends are unpredictable
8. What does Dow Theory focus on?
- A Company financial statements B Industry trends
C Market indices and averages D Economic indicators
9. What is the purpose of support and resistance lines in trend analysis?
- A Predicting economic trends B Identifying buying and selling levels
C Analyzing industry dynamics D Assessing company financial health
10. According to the Markowitz Model, what is the primary focus of portfolio construction?
- A Maximizing return B Minimizing risk
C Maximizing both return and risk D Maximizing market inefficiencies
11. Sharpe's Single Index Portfolio Selection Method is based on:

- A Diversification across multiple indices B Selection of stocks with low beta
C Selection of stocks with high beta D Diversification within a single index
12. Which model assumes that investors are rational, risk-averse, and seek to maximize their utility?
- A Arbitrage Pricing Theory B Markowitz Model
C Efficient Market Hypothesis D Capital Asset Pricing Model (CAPM)
13. Why is Portfolio Performance Evaluation important?
- A To impress colleagues B To track the success of investment strategies
C To win at poker D To find the meaning of life
14. Treynor's Ratio is concerned with:
- A Risk-adjusted returns per unit of systematic risk B Spelling errors in financial reports
C The best time to buy stocks D The latest fashion trends in Wall Street
15. Why is Portfolio Revision necessary?
- A To adapt to changing market conditions B To keep the portfolio's wardrobe up-to-date
C To impress your financial advisor D To break the monotony of numbers

SECTION B – (2 x 5 = 10 marks)

ANSWER ANY TWO QUESTIONS

16. Define Investment and highlight its nature and scope.
17. Write the concept of a bond and its role in the financial market.