

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BVoc DEGREE EXAMINATION MAY 2023
(Third Semester)**

Branch – **BANKING, STOCK AND INSURANCE**

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(5 x 1 = 5)

- 1 This type of risk is avoidable through proper diversification

| | |
|-------------------------|----------------------|
| (i) Portfolio risk | (ii) Systematic risk |
| (iii) Unsystematic risk | (iv) Total risk |
- 2 The fundamental analysis is a method of finding out _____.

| | |
|------------|---------------------------------|
| (i) Ratio | (ii) Value of shares |
| (iii) Tips | (iv) Future price of a security |
- 3 Return of investment is determined by _____.

| | |
|-----------------|--------------------------------------|
| (i) Net profit | (ii) Capital employed |
| (iii) Net worth | (iv) Net profit and Capital employed |
- 4 The concept efficient frontier is a contribution by _____.

| | |
|---------------------|----------------------|
| (i) Robert Rhea | (ii) George Schaefer |
| (iii) Charles H.Dow | (iv) Harry Markowitz |
- 5 _____ is one of the most critical areas of investment analysis.

| | |
|----------------------------|-------------------------|
| (i) Performance evaluation | (ii) Attribution |
| (iii) Value of shares | (iv) Portfolio revision |

SECTION - B (15 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks

(5 x 3 = 15)

- 6 a Define risk. What are the various sources of risk in an investment?
OR
- b Who Should Opt for Portfolio Management? Explain in brief.
- 7 a State the concept of fundamental analysis with its strength and weaknesses.
OR
- b List out the models of share valuation. Explain in brief.
- 8 a What are the three forms of market efficiency? State its implications.
OR
- b What are the trends of the Dow Theory? Explain in brief.

Cont...

- 9 a What are the factors to be considered in portfolio construction?
OR
b Write a note on diversification vs. asset allocation and portfolio construction.
- 10 a State the need for portfolio revision.
OR
b Elucidate the strategies of portfolio revision.

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11 a Critically examine the main steps in the portfolio management process.
OR
b Systematic risk cannot be controlled while unsystematic risk can be reduced. Elucidate.
- 12 a What is meant by 'analysis of financial statements'? State the objectives of such an analysis.
OR
b Explain in detail about industry life cycle and the encountering strategies of each stages.
- 13 a What is portfolio risk? How it is measured? Can portfolio risk be reduced by diversifications?
OR
b Examine the research relating to efficient market theory with reference to different efficient market hypotheses.
- 14 a State assumptions made in "Capital Asset pricing model". What are the uses and limitations of this model.
OR
b "The arbitrage pricing theory is the newest and most promising explanation of asset returns." Critically evaluate this statement in the light of the existing literature.
- 15 a Critically examine the basic assumptions of formula plans and comment on their validity in the Indian CONTEXT.
OR
b 'In the Indian Context, buy-and-hold is a better strategy compare to any of the portfolio revision strategies,' – Comment.

Z-Z-Z END