

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2023
(Sixth Semester)

Branch – COMMERCE (COST & MANAGEMENT ACCOUNTING)

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 x 1 = 10)

1. Speculator is a person
 - (i) Who evaluates the performance of the company
 - (ii) Who uses his own funds only
 - (iii) Who is willing to take high for high return
 - (iv) Who considers hearsays and market behaviours
2. Investment is the
 - (i) Net additions made to the nation's capital stocks
 - (ii) Person's commitment to buy a flat or a house
 - (iii) Employment of funds on assets to earn returns
 - (iv) Employment of funds on goods and services that are used in production process.
3. Equity shareholders rights are listed below. One of the right is incorrect, find it
 - (i) Right to have first claim in the case of winding of the company
 - (ii) Right to vote at the general body meeting of the company
 - (iii) Right to share profits in the form of the dividends
 - (iv) Right to receive a copy of the statutory report
4. Zero coupon bonds has its origin in _____.
 - (i) US security market
 - (ii) Wall street
 - (iii) Japan's security market
 - (iv) Dalal street
5. Diversification reduces
 - (i) Interest rate risk
 - (ii) Market risk
 - (iii) Unique risk
 - (iv) Inflation risk
6. IPO stands for:
 - (i) Internal Public Office
 - (ii) Initial Public Office
 - (iii) Initial Public Offer
 - (iv) Internal Police Office
7. A group of security is known as:
 - (i) Investment
 - (ii) Portfolio
 - (iii) Security
 - (iv) Gambling
8. Risk due to internal environment of a firm or those affecting particular industry are referred to as _____.
 - (i) Unsystematic risk
 - (ii) Systematic risk
 - (iii) Normal risk
 - (iv) Abnormal risk
9. The Dow Theory was developed by _____.
 - (i) Stock broker by the name of Dow
 - (ii) An editor of Wall Street Journal by the name of Dow
 - (iii) It was developed by Markowitz and Dow
 - (iv) It was developed by Sharpe

Cont...

10. _____ step involves determining periodically how the portfolio has performed over some time period.
- | | |
|----------------------------|---------------------------------------|
| (i) portfolio construction | (ii) portfolio control |
| (iii) portfolio management | (iv) portfolio performance evaluation |

SECTION - B (35 Marks)

Answer ALL Questions
ALL Questions Carry EQUAL Marks (5 x 7 = 35)

11. (a) Illustrate the difference between Investment and Speculation.
OR
(b) Why do investors prefer to have diversified portfolio? Explain.
12. (a) Explain the different types of preference shares.
OR
(b) Explain the benefits of investing in real asset compare to financial asset.
13. (a) "A risk-averse' investor does not assume risk". Do you agree? Explain.
OR
(b) Explain the forecasting techniques used under economic analysis.
14. (a) Elucidate the Capital Asset Pricing Model.
OR
(b) Distinguish traditional versus modern portfolio analysis.
15. (a) Explain the significance of 'Beta' in an individual's portfolio.
OR
(b) Discuss the concept of Risk Adjusted Rate of Return.

SECTION - C (30 Marks)

Answer any THREE Questions
ALL Questions Carry EQUAL Marks (3 x 10 = 30)

16. Discuss the different channels available to an investor for making investments.
17. Discuss the different types of shares.
18. Systematic risk cannot be controlled but unsystematic risk can be reduced.' Justify
19. Explain the procedures in reduction of portfolio risk.
20. Elaborate constant rupee value plan.

Z-Z-Z

END