

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

MCom (CA) DEGREE EXAMINATION MAY 2022  
(Fourth Semester)

Branch – COMMERCE WITH COMPUTER APPLICATIONS  
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. A group of security is known as:  
(a) Investment                      (b) Portfolio                      (c) Security                      (d) Gambling
2. \_\_\_\_\_ is a method used to evaluate the worth of security by studying the financial data of the issues.  
(a) Security Analysis                      (b) Fundamental analysis  
(c) Performance Analysis                      (d) None of the Above
3. IPO stands for:  
(a) Internal Public Office                      (b) Initial Public Office  
(c) Initial Public Offer                      (d) Internal Police Office
4. \_\_\_\_\_ is the variability in a security's returns resulting from fluctuations in the aggregate market.  
(a) Market Risk                      (b) Inflation risk  
(c) Credit Risk                      (d) Intend rate risk
5. The price earnings ratio of a stock reflects  
(a) The growth of the company  
(b) The market mood for the company's stock  
(c) The earnings retained and invested in the company  
(d) The dividend paid out for the company's stock
6. According to efficient market theorist the stock price provides  
(a) Moves in trend  
(b) Each successive change depends on the previous one  
(c) Each successive change does not depends on the previous one  
(d) Price movement creates patterns
7. \_\_\_\_\_ are organized markets for buying & selling securities which include stock, bonds, options, futures.  
(a) Derivatives                      (b) Sensex  
(c) Stock Exchange                      (d) Market
8. \_\_\_\_\_ theory analyzes how wealth can be optimally invested in portfolio's which are made up of assets whose expected returns and risks are different.  
(a) G.D. Gordon's approach                      (b) Modigliani miller approach  
(c) Markowitz Model                      (d) Traditional Theory
9. CAPM stands for:  
(a) Capital assets products method                      (b) Capital assets pricing model  
(c) Capitalization assets of product market                      (d) None of the Above

Cont...

10. The stock above the security market line is  
 (a) Overpriced (b) Underpriced  
 (c) Appropriately priced (d) Of high risk

**SECTION - B (35 Marks)**

Answer **ALL** Questions.

**ALL** Questions Carry **EQUAL** Marks

(5 x 7 = 35)

- 11 a). Explain the process of investment undertaken by the investor.  
 (Or)  
 b). Distinguish between investment and speculation.
- 12 a). State the merits of listing of securities in stock exchanges.  
 (Or)  
 b). What is unsystematic risk? Explain the different types of unsystematic risk.
- 13 a). Discuss the important indicators that are useful in studying the trend of the market.  
 (Or)  
 b). Distinguish between Fundamental Analysis and Technical Analysis.
- 14 a). Sketch out the different stages in the industry life cycle.  
 (Or)  
 b). Show the problem involved in the portfolio selection process.
- 15 a). Analyse the different situations where evaluation of performance of portfolios becomes necessary.  
 (Or)  
 b). Determine the major constraints in portfolio revision.

**SECTION - C (30 Marks)**

Answer any **THREE** Questions

**ALL** Questions Carry **EQUAL** Marks

(3 x 10 = 30)

16. Analyse the functions of New Issue Market.
17. Examine how financial ratios can be used to determine the strengths and Weaknesses of a company.
18. Elucidate the various methods of valuation of equity shares.
19. "CAPM postulates the nature of the relationship between the expected return and the systematic risk of a security" Explain.
20. Predict various types of mutual funds available in the Indian Capital Market.

Z-Z-Z

END