

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024  
(Sixth Semester)

Branch – COMMERCE (ACCOUNTING & FINANCE)

**DISCIPLINE SPECIFIC ELECTIVE – II: 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 What does the term "Systematic Risk" refer to in portfolio management?
  - (i) Unpredictable market fluctuations
  - (ii) Risk associated with a specific industry
  - (iii) Market-wide risks affecting all investments
  - (iv) Company-specific risks
- 2 Which component of Fundamental Analysis involves evaluating the overall health of the economy?
  - (i) Industry Analysis
  - (ii) Company Analysis
  - (iii) Financial Statements Analysis
  - (iv) Economic Forecasting
- 3 What does the term "efficient market" imply as per the Efficient Market Hypothesis?
  - (i) All available information is reflected in current prices
  - (ii) Predictable price movements
  - (iii) Lack of market participants
  - (iv) Inefficient allocation of resources
- 4 What are the two main approaches to Portfolio Construction?
  - (i) Technical and fundamental
  - (ii) Diversified and concentrated
  - (iii) Active and passive
  - (iv) Short-term and long-term
- 5 What is a common strategy for Portfolio Revision?
  - (i) Adapting to changes in economic conditions and investor objectives
  - (ii) Consistently maintaining the original portfolio
  - (iii) Minimizing diversification
  - (iv) Ignoring market trends

**SECTION - B (15 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5 x 3 = 15)

- 6 a Describe few phases involved in managing a portfolio of investments.  
OR  
b Classify different types of risks in a portfolio.
- 7 a Explain the need for economic forecasting in investment decisions.  
OR  
b State some simple models used for Share Valuation.
- 8 a Relate the basic principles of Technical Analysis to real-world examples.  
OR  
b Describe the importance of Trends and Trend Reversals.

Cont...

- 9 a Organize the steps involved in determining investment objectives for constructing a portfolio.

OR

- b Discuss the impact of market conditions on the construction and selection of portfolios.

- 10 a Describe a few strategies that investors use for Portfolio Revision.

OR

- b Analyze the concept of Differential Return.

**SECTION -C (30 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11 a Summarize the key elements of risk in portfolio management and their impact on investment decisions.

OR

- b Categorize advantages and disadvantages of Value at Risk in the Stock Market.

- 12 a Explain the different elements of Fundamental Analysis and discuss their roles in investment decisions.

OR

- b Describe the role of economic analysis in investment decision-making.

- 13 a Explain Elliot Wave Theory and analyze how it aids investors in predicting market behavior.

OR

- b Explain the importance of charts and price signals in technical analysis.

- 14 a Compare the Capital Asset Pricing Model (CAPM) and Arbitrage Pricing Theory, highlighting their differences.

OR

- b Explain the importance of aligning portfolio construction with the investor's risk tolerance, time horizon, and financial goals.

- 15 a Organize the factors that contribute to the need for Portfolio Revision and discuss their importance.

OR

- b Discuss the common constraints that investors face when revising their portfolios.

Z-Z-Z

END