18AFU26A

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2022
(Sixth Semester)

Branch – **COMMERCE (ACCOUNTING & FINANCE)**

DISCIPLINE SPECIFIC ELECTIVE-II : 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 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

2 __________ risk is associated with the security market, as well as the economic, sociological, political and legal consideration of the prices of all securities in the economy.
(i) Business risk (ii) Unsystematic risk
(iii) Systematic risk (iv) Financial risk

3 The indicators are identified with consumer price index, capital expenses and commercial paper rates are known as _______
(i) Leading indicators (ii) coincidental indicators
(iii) Lagging indicators (iv) None of these

4 _____________ is the mathematical and statistical application to forecast the future trend of the economy.
(i) Economic model building (ii) Opportunistic model building
(iii) Indicators (iv) Diffusion indexes

5 __________ analysis refers the study of the variables that influence the future of a firm both qualitatively and quantitatively.
(i) Company analysis (ii) Industry analysis
(iii) Economic analysis (iv) Technical analysis

6 Technical analysis is useful______________
(i) To make an estimate of growth in a stock market
(ii) To find out the market forces influencing stock market
(iii) To indicate the direction of the overall market
(iv) To analyze the economic activity of government.

7 In Dow theory, secondary movements are those which last only for a short while are also known as ________
(i) Corrections (ii) Random wiggles
(iii) Narrow movements (iv) Fluctuations

8 Markowitz efficient hypothesis initiated in________
(i) 1958 (ii) 1959
(iii) 1960 (iv) 1961

9 The process of addition of more assets in an existing portfolio or changing the ratio of funds invested is called as ___________-
(i) Portfolio selection (ii) Portfolio Construction
(iii) Portfolio Revision (iv) Portfolio diversification

Cont...

10 ___________describes the relationship between systematic risk and expected return for assets, particularly stocks.

(i) CAPM (ii) PERT
(iii) Sharp ratio (iv) Treynor ratio

SECTION - B (35 Marks)
Answer **ALL** Questions
ALL Questions Carry **EQUAL** Marks (5 x 7 = 35)

11 a What is Portfolio management? Write the elements of Portfolio management.

OR

b What is risk? How do you distinguish between systematic and unsystematic risk?

12 a What is meant by technical analysis? Describe the basic assumptions of technical analysis.

OR

b Write a short note on i) Economic model building and ii) Opportunistic model building

13 a Explain the principles of Dow theory.

OR

b Write a short note on Elliott wave principle.

14 a Explain the sharp index model. How does it differ from the Markowitz model?

OR

b Discuss strengths and weaknesses of the Markowitz approach.

15 a Discuss the importance of performance evaluation of portfolio.

OR

b Write a short note on Portfolio Evaluation..

SECTION - C (30 Marks)
Answer any **THREE** Questions
ALL Questions Carry **EQUAL** Marks (3 x 10 = 30)

16 'Systematic risk cannot be controlled but unsystematic can be reduced'. Elaborate.

17 Explain about the concept of an industry analysis. Describe the various stages in industry life cycle.

18 Discuss the various types of charts used by chartists to predict the prices and volumes for their analysis of the stock market and individual stocks.

19 What is the basic assumption of CAPM? What are the advantages of adopting CAPM model in portfolio management?

20 What is meant by portfolio revision? Discuss the importance of portfolio revision.

Z-Z-Z END