2016

(May)

COMMERCE

(Speciality)

Course : 404

(Security Analysis and Portfolio Management)

Full Marks : 80

Pass Marks : 24 (New Course)/32 (Old Course)

Time : Three hours

***The figures in the margin indicate
full marks for the questions.***

Follow the instructions :

1. Attempt Q. **Nos. 1** & **2** for both **New** and **Old** Course.

2. Attempt **Group A** for the **New Course** and **Group B** for the **Old Course**.

1. What do you mean by the following (Answer in *one* sentence) :   1×8=8

   (a) Systematic Risk

(b) Valuation of securities

(c) Portfolio

(d) Market risk

(e) Volatile Market

(f) Risk Adjustment

(g) Return

(h) Diversification

2. Write short notes on the following :

$$4 \times 4 = 16$$

(a) Valuation of Assets

(b) Portfolio Analysis

(c) Capital Market line

(d) Jensen Model.

Group A : (New Course)

3. (a) What do you mean by risk ? What are the different components of systematic risk ? How the unsystematic risks can be managed ? 4+4+6=14

Or

(b) What do you mean by investment ? What are the different alternatives of investment ? What are the factors that you would consider before making any investment decisions ? 4+4+6=14

4. (a) Discuss the various effects of combining securities with examples. 14

Or

(b) Discuss some of the disadvantages of Markowitz models. In what way this model is better than other models ? Explain with examples. 4+10=14

5. (a) What do you mean by 'Capital market line' and 'Security market line'? In what way these are valuable indicators for a better portfolio formulation? Explain.

8+6=14

Or

(b) Discuss the advantages of CAPM. In what way CAPM is better than factor models? Discuss.

8+6=14

6. Write a detail note on : *(any two)*

7×2=14

(a) Market timing

(b) Limitations of Sharpe Model

(c) Advantages of Treynor Model

Group B : (Old Course)

3. (a) Discuss different measures to analyze the fundamental factors in investment decisions.

11

Or

(b) Discuss the process of valuation of Assets. How the return of securities can be measured?

4+7=11

4. (a) Write a detailed note on traditional portfolio analysis.

11

Or

(b) Write a detailed note on Markowitz model.

11

5. (a) Discuss the major factors associated with CAPM with examples.

11

Or

(b) Write a detailed note on Arbitrage pricing theory. 11

6. (a) Discuss the comparative advantages of Sharpe and Treynor models with example. 11

Or

(b) Discuss the various components of portfolio investment performance.

11

7. (a) Calculate the fair price of a 3 month (91 days) call and put option with exercise price of 130 for a stock quoting at Rs 100/-. Assume interest rate of 10% and SD of 0·8. 12

Or

(b) Discuss the meaning of future. Discuss the differences between future and option. 4+8=12

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