STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2011-12 & thereafter)

SUBJECT CODE: 11CM/MC/PF64

B.Com. DEGREE EXAMINATION APRIL 2016
COMMERCE
SIXTH SEMESTER

COURSE : MAJOR – CORE
PAPER : PORTFOLIO MANAGEMENT
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION – A

ANSWER ALL THE QUESTIONS: **(10 x 2 = 20 Marks)**

1. Name any 2 types of instrument.
2. Define Systematic Risk.
3. What is CAPM?
4. What is Intrinsic value of share?
5. What is Portfolio Management?
6. What is meant by active management strategy?
7. Name the two traditional approaches to security analysis.
8. What is a Bond?
9. How can risk be minimised?
10. Why should a portfolio be diversified?

SECTION - B

ANSWER ANY FIVE QUESTIONS: **(5 x 8 = 40 Marks)**

11. What are the various causes of risk?
12. A stock costing Rs.120 pays no dividends. The possible prices that the stock might sell for at the end of the year with the respective probabilities are:

Price	:	115	120	125	130	135	140
Probability	:	0.1	0.1	0.2	0.3	0.2	0.1

1. Calculate the expected return.
2. Calculate the standard deviation of returns.

13. Briefly explain the various aspects of EIC analysis.
14. Cement products Ltd. Currently pays a dividend of Rs. 4 per share on its equity shares.

1. If the company plans to increase its dividend at the rate of 8% per year indefinitely, what will be the dividend per share in 10 years?
2. If the company's dividend per share is expected to be Rs. 7.05 per share at the end of five years, at what annual rate is the dividend expected to grow?

15. A person owns a Rs. 1000 face value bond with 5 years to maturity. The bond makes annual interest payments of Rs.80. The bond is currently priced at Rs. 960. Given that the market interest rate is 10%, should the investor hold or sell the bond.
16. Explain the Random Walk Theory.
17. A security pays a dividend of Rs. 3.85 and sells currently at Rs. 83. The security is expected to sell at Rs.90 at the end of the year. The security has a beta of 1.15. The risk free rate is 5% and the expected return on market index is 12 %. Assess whether the security is correctly priced.

SECTION – C

ANSWER ANY TWO QUESTIONS: (2 x 20 = 40 Marks)

18. Explain in detail the steps involved in the Portfolio Management.
19. Discuss in detail how the efficient frontier is determined using the Markowitz Theory.
20. Explain the various approaches to valuation of equity shares?
21. Explain the various charts involved in the Technical Analysis.

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