

St. Clare College

Autonomous, Bengaluru

ROLL NO:

DATE:

PG END SEMESTER EXAMINATION- JUNE/JULY 2026

M.Com.: IV SEMESTER

MCODSF 4425: SECURITY ANALYSIS & PORTFOLIO MANAGEMENT

TIME: 3 hours

MAX. MARKS: 70

This paper contains TWO printed pages and FOUR parts

Instructions:

1. Verify and ensure that the question paper is completely printed.
2. Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.
3. Students must check the course title and course code before answering the questions.

PART-A

Answer EIGHT questions out of TEN. Each answer carries TWO marks. [8x2 = 16]

1. Define investment.
2. Distinguish between speculation and hedging.
3. What is Beta?
4. Define ADR and GDR.
5. If the risk-free rate is 6% and the market return is 12%, find the market risk premium.
6. What is Yield to Maturity (YTM)?
7. Define Bond Duration.
8. What is the Capital Market Line (CML)?
9. Define Arbitrage Pricing Theory (APT).
10. What is Jensen's Alpha?

PART-B

Answer any FOUR questions out of SIX. Each answer carries FIVE marks. [4x5=20]

11. Explain the various avenues of investment available to investors.
12. Differentiate between investment, speculation, gambling, arbitrage, and hedging.
13. Discuss the steps involved in Fundamental Analysis with suitable examples.
14. Explain the Bond Pricing Theorems and their significance in investment decisions.
15. Explain the assumptions and limitations of the Capital Asset Pricing Model (CAPM).
16. Discuss the importance of portfolio performance evaluation and explain the Sharpe Ratio.

PART-C

Answer any TWO questions out of THREE. Each answer carries TEN marks. [2X10=20]

17. Explain the concept of Risk and Return. Discuss various types of investment risks and methods of measuring risk with suitable examples.
18. Describe the process of Security Analysis. Explain Fundamental Analysis and Technical Analysis in detail.
19. Explain Harry Markowitz's Portfolio Theory. Discuss the concepts of diversification, efficient frontier, and optimum portfolio.

PART-D

Answer the following. Answer carries FOURTEEN Marks.

[1X14=14]

20. Mr. Rajesh, a 35-year-old salaried employee, has ₹10,00,000 available for investment. He is considering investing in four securities and has collected the following information:

Security	Expected Return (%)	Standard Deviation (%)	Beta
A	12	10	0.80
B	15	15	1.10
C	18	20	1.40
D	20	25	1.80

Additional Information:

- Risk-Free Rate = 6%
- Market Return = 14%
- Mr. Rajesh has a moderate risk appetite.
- He seeks a balance between risk and return.

Questions

- a) Calculate the expected return of Security B and Security C using the CAPM Model. (4 Marks)
- b) Compare the actual expected returns with the CAPM returns and identify whether the securities are undervalued or overvalued. (4 Marks)
- c) Analyze the risk-return characteristics of all four securities and identify the most suitable security for a moderate-risk investor. (3 Marks)
- d) Suggest a diversified portfolio allocation among the four securities and justify your recommendation. (3 Marks)
