M.Com. 3rd Semester Examination, 2022

COMMERCE

(Security Analysis and Portfolio Management)

PAPER – COM-301

Full Marks : 50

Time : 2 hours

The figures in the right hand margin indicate marks

Candidates are required to give their answers in their own words as far as practicable

COM-301.1

1. Answer any **two** of the following questions : 2×2

    (*a*) Make distinction between simple bar charts and candle sticks.

    (*b*) Give the full form of HPROR and its formula.

(c)   Return on Investment is a product of profit margin and turnover.—Illustrate.

(d)   What do you mean by "Support level" in a line chart ?

2. Answer any **two** of the following questions : 4×2

(a)   Draw a Point and Figure chart from the following price data of shares of Company A :

Day	Closing Price (in Rs.)	Day	Closing Price (in Rs.)
1	54	8	55
2	56	9	54
3	55	10	57
4	53	11	58
5	54	12	59
6	52	13	60
7	57	14	59

Take box size as Re. 1 and reversal criterion as Rs. 2.

(*b*) Mr. I bought shares of Z Co. Ltd. @ Rs. 25 per share on 01.04.2019. Face value of shares is Rs. 10. An interim dividend @ 7% was declared by the company for the half-year ended in September, 2019. The Company went for declaring a final dividend of 13% for the year ended, 2019-20. The company made in right issue of 1 : 4 at a special exercise price of Rs. 20 in June, 2020 when it was selling in the market @ Rs. 40 (cum-right). The company declared an interim dividend of 6% for the half year ended on September, 2021 and a final dividend of 11% for the same financial year. Lag in Payment of final dividend this occasion was as long as 6 months. Mr. I sold all the shares on 31. 08. 2022 @ Rs. 36 per share. Calculate the annualized yield on investment to Mr. I.

(*c*) Describe how a reckless speculator acts in the market.

(d) Distinguish between business risk and financial risk.

3. Answer any **one** of the following question : 8×1

(a) With the following share price data, calculate 3-day Simple Moving Average and 3-day Exponential Moving Average.

Day	Closing Price (in Rs.)
1	33
2	36
3	34
4	39
5	40

(b) Distinguish between Investment and Speculation. Also explain the suitability of available security analysis techniques for each of them. $4 + 4$

COM-301.2

4. Answer any **two** of the following questions : 2 × 2

(a) What is insider information ?

(b) Draw and explain the concept of indifference curve.

(c) How can the security market line help in identifying correctly and incorrectly priced securities ?

(d) What do you mean by NAV and POP ?

5. Answer any **two** of the following questions : 4 × 2

(a) Mr. Arijit Singh deposited a cheque of Rs. 15,000 with a mutual fund house on November 1, 2022 at 1.00 PM for investing in a debt fund. The cheque got cleared on November 3, 2022 and the bank account of the fund house got credited on that day at 2.00 PM. The NAV of the fund on different dates is given below :

Date	01.11.2022	02.11.2022	03.11.2022	04.11.2022
NAV (Rs.)	Rs. 42.50	Rs. 42.10	Rs. 41.60	Rs. 42.00

Assuming that the entry load is 1%, compute the amount of units allotted in the name of Mr. Singh.

(b) Write short note on money market mutual fund schemes.

(c) Write a short note on Fama-French three factor model.

(d) Mrs. Aishwarya Roy is interested to invest in two mutual funds. She gives you the following data and seeks your suggestion.

Fund	NAV on 01.12.2021 (Rs.)	NAV on 01.12.2022 (Rs.)	Dividend declared per unit	Portfolio SD	Portfolio beta
Cute	115.40	132.50	1.00	12	2.49
Dazzling	98.50	112.40	0.80	15	3.42
Charming	56.30	63.40	1.60	13.5	1.99
Elegant	95.40	105.50	1.10	18	2.90

(*Continued*)

You are required to advice her assuming that the funds are fully diversified funds.

6. Answer any **one** of the following question :   8 × 1

(*a*) Briefly explain the concept of the Efficient Market Hypothesis (EMH) and each of its three forms. Discuss the use of Filter rule to test the weak form of market efficiency.   5 + 3

(*b*) What is an efficient frontier ? Explain with the help of a diagram.

[*Internal Assessment* — 10 Marks]

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