M.Com. (Final) Examination 2001

ACCOUNTANCY AND STATISTICS GROUP

Paper — II (b)

2-b Security Analysis and Port-folio Management

Time 3 Hours   [Maximum Marks 100

Attempt **five** questions in all.
All questions carry equal marks.

1. (A) How is 'Speculation' different from 'Investment? Explain   **10+10**
    (B) Explain any two Forecasting techniques' which are used for 'Investment Decisions'.

2. As a rational investor, how would you analyse the profitability, financial position and
    operating efficiency of a company? Explain with the help of examples.   **20**

3. Write the notes on the followings: **10+10**
    (I)   Internal-information; and
    (ii) International Accounting Issues,
          for the purpose of Company Analysis.

4. Explain the following: **5*4**
    (i)   Beta
    (ii)   Holding Period Return
    (iii) Profit Margin Approaches
    (iv)   Investment Process

5. (A) What is 'Bond'? Give their types with detailed explanation.   **10+10**
    (B) What is Holding Period Return (HPY) of a Bond? How is it calculated? Use imaginary
    figures.

6. Explain the following   **10+5+5**
    (i)   Correlation in forecasting Revenues and expenses;
    (ii)   Price-Earning Ratio; and
    (iii) Decision Trees

7. What are the assumptions an investor keeps in his mind while managing the investment
    through Technical Analysis? How are the buying and selling signals determined under Dow-
    Theory of Technical Analysis? Use figures for elucidation.   **10+5+5**

8. Explain the two main statistical investigations to support the weak-form of the efficient market
    hypothiesis. Also explain about strong-form.   **20**

9. (i)   Give the logical set of equations given by Markowitz to measure Risk a, variance (W_1)
          and co—variance (W_{12}) in case of two-securities portfolio.   **12+8**
    (ii) Given Portfalio of X consists of Equities, Bonds and Real-estate. Their weights are
          25%, and 25% respectively. Their standard deviations are 0.1689, 0.0716 and 0.0345
          respectively. And, the correlations are Equity and Bond = 0.45, for Equities and Real
          Estates = 0.35 and for Bonds and Real Estates = 0.20. Find the variance of Portfolio.

10. (i)   Explain "Characteristic-Line" under Sharpe's Single Index Model.   **15+5**
    (ii) How many inputs are needed for a portfolio analysis involving 75 securities, if co-
          variances are computed using Markowitz and Sharpe approaches?