VI Semester B.Com. Examination, May 2016
(2014 – 15 & Onwards) (Fresh + Repeaters)
COMMERCE

Time: 3 Hours
Max. Marks: 100

Instruction: Questions to be answered in English or in Kannada.

SECTION – A
Answer any ten questions. Each question carries 2 marks.

1. a) What do you mean by Investment strategies?
   b) What is Systematic Risk?
   c) Give the meaning of company analysis.
   d) What do you mean by undervalued shares?
   e) What is portfolio revision?
   f) What is GDR?
   g) Give the meaning of Intrinsic value.
   h) What do you mean by Beta?
   i) What is Security Market Line?
   j) What is Depository Receipts?
   k) Give the meaning of Diversification.
   l) Expand FCCB.

SECTION – B
Answer any four questions. Each question carries 8 marks.

2. Briefly explain factors affecting investment decisions.
3. Briefly explain the classification of Standard Industries.
4. What is Global Mutual Funds? What are the reasons for investing in GMF?
5. Calculate the expected return and standard deviation of return for a stock having the following probability distribution of returns.
   Possible Returns (in %): 35 30 20 15 0 -10 -25
   Probability of Occurrence: 0.15 0.20 0.25 0.15 0.10 0.10 0.05

P.T.O.
6. Determine the expected rate of return on individual portfolio by applying CAPM, if Risk-free rate is 5% and the market return is 9%.

   Stock : A    B    C    D    E
   Beta (β) : 0.70  1.00  1.15  1.40  -0.30

SECTION – C

Answer any three questions. Each question carries 16 marks. (3x16 = 48)

7. What is Economic Analysis? Discuss the important economic forces within which the factors of investment operate.

8. What is CAPM? What are the assumptions of CAPM and its limitations.

9. The possible returns and associated probabilities of securities A & B are given below.

   Security – A
   Probability (P) : 0.05  0.15  0.40  0.25  0.10  0.05
   Return % (R) :  12    20    30    36    40    48

   Security – B
   Probability (P) : 0.10  0.20  0.30  0.25  0.10  0.05
   Return % (R) :  10    16    24    30    36    40

Calculate the expected return and standard deviation of security A & B.

10. With the given details, evaluate the performances of the different funds using Sharpe and Treynor performance evaluation techniques.

   Funds | Return (%) | S.D (σ) | Beta
   A    | 4          | 40      | 1.96
   B    | 24         | 36      | 1.94
   C    | 16         | 44      | 2.34
   D    | 18         | 48      | 2.44
   E    | 14         | 20      | 0.9
   F    | 21         | 27      | 1.5

Risk-free rate of return is 8%.