PG – 711

II Semester M.F.A. Examination, June 2015
(CBCS)
FINANCE AND ACCOUNTING
Paper – 2.4 : Securities Analysis & Portfolio Management

Time : 3 Hours Max. Marks : 70

SECTION – A

Answer **any seven** questions out of **ten. Each** question carries **two** marks. **(7×2 = 14)**

1. a) Define new issue market.
   b) What is yield curve ?
   c) What are leveraged portfolios ?
   d) What are heads and shoulders ?
   e) What is minimum portfolio risk ?
   f) What is call money market ?
   g) What is coefficient of determination ?
   h) What are negotiable securities ? Give examples.
   i) What is security analysis ?
   j) What is meant by In-the-money in a call option ?

SECTION – B

Answer **any four** out of **six. Each** question carries **five** marks. **(4×5 = 20)**

2. Bring out the differences between investment and speculation.
3. An investor purchases a bond at a price of Rs. 900 with Rs. 100 as coupon (interest) payment and sells the bond for Rs. 1,000.
   a) What is the holding period return ?
   b) If the bond is sold for Rs. 750 after receiving Rs. 100 as coupon payment, then what is the holding period return ?

P.T.O.

4. Distinguish between efficient frontiers and efficient portfolios.

5. Discuss the impact of changes in interest rates and inflation rate on bonds.

6. Following data gives the market return and A Ltd. Scrip's return for a particular period.

	I	II	III	IV	V	VI	VII	VIII	IX
Scrip A Ltd. return	0.70	0.50	0.60	0.50	0.60	0.80	0.50	0.80	0.40
Index Return	0.30	0.60	0.30	0.60	0.40	0.50	0.60	0.30	0.50

Find Beta and Alpha of A Ltd. Scrip.

7. What are the assumptions of CAPM ? Distinguish between CML and SML.

SECTION – C

Answer **any three** of the following questions. Each question carries **twelve** marks. **(3x12=36)**

8. Explain in detail Dows theory and how it is applicable to determine the direction of stock market.

9. Stocks X and Y display the following return over the past three years.

Year	**Return %**	
Year	**X**	**Y**
2012	14	12
2013	16	18
2014	20	15

a) Determine the expected rate of return on portfolio made up of 40% of X and 60% of Y.

b) What is the standard deviation of each security ?

c) Determine the portfolio risk of a portfolio made up of 40% of X and 60% of Y.

10. For the first four years A Ltd. is assumed to grow at a rate of 10%. After 4 years, the growth rate of dividend is assumed to decline linearly to 6%. After 9 years, the company is assumed to grow at 6% indefinitely. The next year dividend is Rs. 2 and the required return is 14%. Find out the value of the stock.

11. Explain the sharpe index model. How does it differ from Mancowitz model.

12. A Ltd. and B Ltd. have the following expected risk and return inputs for the following years.

Year	Return %	Variance σ^2 %
A Ltd. Iyr	15	16
B Ltd. IIyr	18	25

Portfolio risk (standard deviation) for a portfolio of 50% in each asset is 4.03. Determine the correlation coefficient that will be necessary to reduce the level of portfolio risk by 75%.

What is the expected return of the equally weighted portfolio [50% of A Ltd. and 50% of B Ltd.?

II Semester M.F.A. Degree Examination, July 2012
(Semester Scheme)
FINANCE AND ACCOUNTING
Paper – 2.4 : Securities Analysis and Portfolio Management

Time : 3 Hours Max. Marks : 80

SECTION – A

Answer **any ten** of the following questions in about **3-4** lines. **Each** question carries **2** marks. **(10×2=20)**

1. a) What is Red Herring Prospectus ?

   b) What are business and financial risks ?

   c) What is minimum risk portfolio ?

   d) What is correlation coefficient ?

   e) What is money market ?

   f) What are zero coupon bonds ?

   g) XYZ Ltd. would pay Rs.4 as dividend per share next year. The dividend is expected to grow perpetually at 12%. What would be the value of equity shares if the investors expected return is 20% ?

   h) What is characteristic regression line ?

   i) What is P/E ratio ?

   j) What is immunisation of bonds ?

   k) Define efficient frontiers.

   l) What are the stock market indices ? List out the major indices.

SECTION – B

Answer **any three** questions in about **a page each**. **Each** question carries **five** marks. **(3×5=15)**

2. From the following particulars find out the over valued and under valued securities as per CAPM.

Security	Expected Return	Beta	Standard deviation
A	0.33	1.70	0.50
B	0.13	1.40	0.35
C	0.26	1.10	0.40
D	0.12	0.95	0.24
E	0.21	1.05	0.28
T-Bills	0.09	0	0
Nifty Index	0.13	1.00	0.28

3. Changes that occur in the interest rate and purchasing power affects bond's return, discuss.

4. Industry life cycle exhibits the status of industry and gives the clue to entry and exit for investors, elucidate.

5. The return on securities A and B are given below :

Probability	Security (Returns %) A	Security (Returns %) B
0.50	14	12
0.40	12	15
0.10	10	11

Give the security of your preference on the basis of risk and return.

$\sigma_P^2 = w_A^2 \sigma_A^2 + w_B^2 \sigma_B^2 + 2 w_A w_B r_{AB} \sigma_A \sigma_B$

6. Prove that if you invest $\frac{2}{3}$ of the funds in security A and $\frac{1}{3}$ in B and the correlation coefficient is $+\frac{1}{2}$. Prove that $I_p^2 = \frac{4I_1^2 + 2I_1I_2 + I_2^2}{I}$

SECTION – C

Answer **any two** questions in about **3** pages. **Each** question carries **15** marks.

(2×15=30)

7. Explain in detail Does theory and how it is used to determine the direction of stock market.

8. Explain the bond value theories with examples.

9. The face value of equity shares of ABC Ltd. is Rs.10. The company declared a dividend of 32% for the year 1997-98. The dividends are expected to grow at 21% for the next 5 years and at 10% for the next three years, where after the growth will be 9% perpetually. If the required rate of return is 20%, find the present value of the shares.

10. The returns on securities A and B under three scenarios are as under :

Economic Growth	**Probability**	**Returns**	
		A	**B**
Strong	0.30	0.233	0.100
Moderate	0.50	0.200	0.150
Weak	0.20	0.150	0.225

Determine :

1) The expected returns of the securities

2) Standard deviation of securities

3) Portfolios expected return if the proportion of securities are A-60% and B-40

4) Portfolios risk.

SECTION – D

Compulsory : 15

11. Mahesh intends to invest Rs.10 lakh in stock market. The T.bill rate is 5% and the market return variance is 10. The following table gives the details regarding the expected return, Beta and the residual variances of the securities. What is the optimum portfolio ?

Security % Returns	**Returns**	**Beta**	**I^2ei**
A	15	1.00	30
B	12	1.50	20
C	11	2.00	40
D	8	0.80	10
E	9	1.00	20
F	14	1.50	10

II Semester M.F.A. Degree Examination, July/August 2011
(Semester Scheme)
FINANCE AND ACCOUNTING
Paper 2.4 : Securities Analysis and Portfolio Management

Time : 3 Hours Max. Marks : 80

SECTION – A

1. Answer **any ten** questions in about **3-4** lines. **Each** question carries **2** marks. **(2×10=20)**

a) What is relative strength index ?

b) What is alpha ?

c) List out various types of risks.

d) What is yield curve ?

e) Define default risk.

f) What is risk indifference behaviour ?

g) What are income shares ?

h) What is risk free rate of return ?

i) List out the assumptions of CAPM.

j) What is credit rating ?

k) What are the commonly used measures of risk and return ?

l) What are head and shoulders ?

P.T.O.

SECTION – B

Answer **any three** questions in about **one** page each. **Each** question carries **five** marks. (3×5=15)

2. Explain the investment process.

3. Mr. X has been owning three different Mutual Funds namely R, S and T. The following particulars are available to him. He wants to dispose only one of the funds for his personal expenditure. Which fund should be disposed ?

Fund	**Excess average return %**	**Beta**
R	7.7	1.02
S	11.3	0.99
T	11.6	1.07
Market	7.8	1.00

4. What are the assumption of CAPM model ? Distinguish between CML and SML.

5. Explain

   1) Historical return 2) Expected return and

   3) Risk adjusted return

6. Stocks P and Q have the following parameters :

	Stock P %	**Stock Q %**
Expected return	20	30
Expected variance	16	25
Covariance PQ	20	

Is there any advantage in holding a combination of P and Q.

SECTION – C

Answer **any two** questions in about **3** pages. **Each** question carries **15** marks.
(2×15=30)

7. Explain in detail the fundamental analysis and how it is useful in selection of securities.

8. For the first four years XYZ firm is assumed to grow at the rate of 10%. After 4 years the growth rate is dividend is assumed to decline linearly at 6% for the next 3 years. After 7 years, the firm is assumed to grow at a rate of 6% indefinitely. The next year dividend proposed is Rs. 2 per share and the required rate of return is 14%. Find out the value of the stock.

9. Explain in detail the methods of valuation of shares.

10. A financial analyst is analysing two investment alternatives Z and Y. The estimated rates of return and their chances of occurrences for the next year are given in the (below) table.

Probability of occurrence	**Rates of Return %** Y	Z
0.20	22	5
0.60	14	15
0.20	– 4	25

a) Determine each alternatives expected rate of return
b) Is Y comparatively risky ?
c) If the financial manager wishes to invest equal proportion in Y and Z, would it reduce the risk ?

SECTION – D

Compulsory. 15

11. Stocks A and B have yielded the following returns for the past 2 years

Year	**Returns %** A	B
2009	12	14
2010	16	12

a) What is the expected return on portfolio with 60% A and 40% B ?
b) Find out the standard deviation.
c) What is the covariance between A and B ?
d) What is the portfolio risk if the portfolio has 60% A and 40% B ?

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II Semester M.F.A. Degree Examination, June/July 2010
(Semester Scheme)
FINANCE AND ACCOUNTING
Paper – 2.4 : Security Analysis and Portfolio Management

Time : 3 Hours Max. Marks : 80

SECTION – A

Answer **any ten** questions in about **3-4** lines. **Each** question carries **2** marks. **(2×10=20)**

1. a) What is duration of bonds ?

b) What is a corner portfolio ?

c) What is meant by Financial risk ?

d) What are negotiable securities ? Give three examples.

e) What are zero coupon bonds ?

f) The Beta of a stock is 3. What is its impact on the stock value ?

g) What is commercial paper ?

h) What is the impact of co-variances between two securities ?

i) What are the ways in which a company may raise equity capital ?

j) An investor considers Rs. 1,000 par value bond bearing a coupon rate of 11% with 5 years maturity period. The required ytm is 15%. The bond is currently sold at Rs. 870. Should he buy the bond ?

k) What are risk free assets ? Give examples.

l) What is meant by riding the yield curve ?

SECTION – B

Answer **any three** questions in about **one** page. **Each** question carries **5** marks. **(3×5=15)**

2. Primary and secondary markets are complementary to each other but their organisational setup are different. Explain.

3. What is CAPM ? What are the underlying assumptions ?

4. Explain the theories under term structure of interest.

5. What are the differences between Markowitz and Sharpe performance indices ?

6. Assume yourself as a portfolio manager and with the help of the following details find out the securities that are over priced and under priced in terms of SML.

Security	Expected return	β	σ
A	0.33	1.70	0.50
B	0.13	1.40	0.35
C	0.26	1.10	0.40
D	0.12	0.95	0.24
Nifty index	0.13	1.00	0.20
T. bills	0.09	0	0

SECTION – C

Answer **any two** questions in about **3** pages. **Each** question carries **15** marks. **(2×15=30)**

7. Explain in detail the fundamental analysis and what is the utility of the study ?

8. Given the data for the following two security port folio, find the minimum variance portfolio. Also calculate the return and risk of the portfolio.

Security	Return %	Standard Deviation	Correlation between C & D
C	26.9	22.30	0.12
D	17.5	51.00	

9. Explain the various forms of derivatives and their utility.

10. What is monetary policy ? Explain the highlights of annual credit policy announced during April 2010.

SECTION – D

(Compulsory) **(1×15=15)**

11. Stocks L & M have yielded the following returns for the past two years.

Year	Return %	
	L	M
2005	12	14
2006	18	12

a) What is the expected return on portfolio made up of 60% of L and 40% of M ?

b) Compute the standard deviation of each stock.

c) What is coefficient of co-relation between L & M. ?

d) What is the portfolio risk with the above proportion ?

II Semester M.F.A. Degree Examination, June 2009
(Semester Scheme)
FINANCE AND ACCOUNTING
2.4 : Security Analysis and Portfolio Management

Time : 3 Hours   Max. Marks : 80

Instruction : *Section D Compulsory.*

SECTION – A

1. **Answer any ten questions in about 3-4 lines. Each question carries 2 marks :** **(2×10=20)**

a) What are open ended Mutual Fund Schemes ?

b) Mention the advantages of listing of securities.

c) What is immunisation of a bond ?

d) What is the difference between SML and CML ?

e) What are deep discount bonds ?

f) What is a certificate of deposit ?

g) What is meant by intrinsic value ?

h) What do you mean by efficient frontiers ?

i) ABC Co. would pay Rs. 2.50 as dividend per share for the next year and is expected to grow at 12% indefinitely. What would be the equity value if the investor requires 20% return ?

j) What do you mean by breadth of the market ?

k) What are leveraged portfolios ?

l) What is sensex ?

P.T.O.

SECTION – B

Answer any three questions in about one page. Each question carries 5 marks : (3×5=15)

2. What are the functions of stock exchanges ?

3. How does systematic risk affects individual stock return ?

4. What are derivative contracts ? Explain the differences between options and futures.

5. Prem is considering purchase of a bond currently selling at Rs. 878.50. The bond has 4 years to maturity, face value Rs. 1,000 and coupon interest rate of 8%. The required rate of return is 10%.

a) Calculate the intrinsic value of the bond. Should Prem purchase the bond ?

b) Calculate "ytm" of the bond.

6. Stocks A and B have the following parameters.

	Stocks A	Stocks B
Expected return	20%	30%
Expected variance	16%	25%
Covariance AB 20%		

Is there any advantage in holding a combination of securities ?

SECTION – C

Answer any two questions in about 3 pages. Each question carries 15 marks : (2×15=30)

7. Explain in detail Dows theory and how it is used to determine the direction of stock market ?

II Semester M.F.A. Degree Examination, June 2008
(Semester Scheme)
FINANCE AND ACCOUNTING
2.4 : Securities Analysis and Portfolio Management

Time : 3 Hours Max. Marks : 80

SECTION – A

1. Answer any ten questions in about 3-4 lines. Each question carries 2 marks. (2×10=20)

a) What are pre-emptive rights ?

b) What are close ended scheme ?

c) Differentiate between Capital and Money Market Securities.

d) What is characteristic regression line ?

e) What is Security Market Line ?

f) What is duration of bonds ?

g) Define marked to Market Concept.

h) What is Swet equity ? Mention the reasons for issuing the same.

i) What are future contracts ?

j) Define co-variance between two securities.

k) What are leveraged portfolios ?

l) What are risk free assets ?

SECTION – B

Answer any three questions in about one page each. Each question carries 5 marks. (3×5=15)

2. Explain the differences between systematic risk and unsystematic risk.

3. Prove that if you invest 50% of your assets in each of the two securities and if the correlation coefficient is $+\frac{1}{2}$, then the portfolio variance is $\sigma^2 p = \frac{\sigma_1^2 + \sigma_2^2 + \sigma_1\sigma_2}{4}$

4. How does technical analysis differ from fundamental analysis ?

5. Explain the differences between the holding period return and yield to maturity.

6. Explain the weak form of efficient market hypothesis.

P.T.O.

SECTION – C

Answer any two questions in about 3 pages each. Each question carries 15 marks. (2×15=3

7. Describe Mean-variance portfolio theory. Explain the statistical methods to obtain the risk reducing benefit.

8. Explain the theories covering the term structure of interest rates.

9. Describe single period and multiple period (of) valuation of shares.

10. Describe the role of SEBI in regulating capital market.

SECTION – D

Compulsory :

11. Mr. Ramesh is considering the purchase of three securities A, B and C. The returns on the securities depend on the state of the stock market. The estimated returns are shown in the table.

State of market	Probability of Occurrence	Rate of return on security % A	B	C
Recession	0.25	10	9	14
Average	0.50	14	13	12
Boom	0.25	16	18	10

a) Find each stocks expected rate of return and standard deviation and coefficient of variation.

b) If Ramesh invests $\frac{1}{3}$ of on each security,

1) What will be the port folio return.

2) Find the variances of securities.

II Semester M.F.A. Degree Examination, May/June 2007
(Semester Scheme)
2.4 : SECURITIES ANALYSIS AND PORTFOLIO MANAGEMENT

Time : 3 Hours Max. Marks : 80

SECTION – A

1. Answer any ten questions in about 3-4 lines. Each question carry 2 marks : 2×10=20

a) What do you mean by Money Market Mutual Funds ?
b) What is Beta ?
c) What are business and financial rising ?
d) What are growth shares ?
e) What do you mean by efficient promoter ?
f) Who are liquidity traders ?
g) Define capital market line.
h) What is P/E ratio ?
i) What do you mean by call money market ?
j) What is scrap less trading ?
k) What is meant by intrinsic value ?
l) What is immunisation ?

SECTION – B

Answer any three questions in about one page each. Each question carries 5 marks. Answer should not exceed one page : 3×5=15

2. Discuss briefly weak form of efficient capital market.
3. What is CAPM ? What are the assumptions under CAPM ?

P.T.O.

4. What are the objectives of portfolio ? Explain portfolio performance and evaluation
5. Explain the basic bond value theory.
6. Explain the role of OTCI.

SECTION – C

Answer any two questions in about 3 pages each. Answer to each question should not exceed 3 pages. Each question carries 15 marks : 2×15

7. What is fundamental analysis ? Explain the various factors of study under the same
8. Explain Sharpes performance index and Treynors performance index.
9. Discuss the role of secondary market.
10. Describe the role of various regulatory authorities for an efficient capital market.

SECTION – D

11. The case study is compulsory :

Mr Ram is going to retire shortly from his job. He wants to invest the Gratuity and PF amounts in the stock market. He is not a member of any sickness benefit schemes. He is averse to companies specific risk. In the market it is assumed that the short term T bills yield 6% At the same time, At rated (CRISIL) bonds have 12.5% return with the maturity period of 3 years. The beta and R^2 for some common stocks are given below for the period from 1-7-2001 to 31-6-2002.

Company	Beta	R^2
BHEL	1.30	0.51
L and T	1.40	0.63
TELCo	1.47	0.47
SBI	1.41	0.57

He wants to choose a portfolio of two stocks and risk free asset. Frame the investment portfolio for him.

II Semester M.F.A. Examination, June 2006
(Semester Scheme)
COMMERCE
Paper: 2.4 Security Analysis & Portfolio Management

Time : 3 Hours Max. Marks: 80

SECTION – A

1. Answer any ten questions in about 3-4 lines, Each sub questions carry 2 marks. 2×10=20

   a) Define duration of a bond.
   b) What is a portfolio ?
   c) What is security valuation ?
   d) What is non-diversifyable risk ?
   e) Define Security Market Line (SML).
   f) What do you mean by Head & Shoulders ?
   g) What are call and put options ?
   h) Define efficient frontier. State its usefulness.
   i) What is business risk ? How it is different from financial risk ?
   j) What is a financial asset ? How it is different from real asset ?
   k) Bring out the differences between primary market and Secondary market.
   l) What is immunisation of bonds ?

SECTION – B

Note : a) Answer any three questions.
b) Each question carries 5 marks.
c) Answer to each question should not exceed one page. 5×3=15

2. Discuss the mean variance hypothesis.
3. What are the different forms of efficient market theories ? Explain

P.T.O.

4. Explain Capital Asset Pricing model. What are its assumptions ?

5. Explain the bond price theorems.

6. Explain the different types of market risks.

SECTION C

Note : a) Answer any two questions.
b) Answer to each question should not exceed 3 pages.
c) Each question carries 15 marks. (15×2=30)

7. What is technical Analysis ? Explain Dow's theory.

8. What are the different types of Mutual Funds in India ? Briefly explain them.

9. Explain in detail the methods of valuation of shares.

10. Describe the role of SEBI in the primary market.

SECTION D

Note : The case study is compulsory. 15

11. The annual rates of return for ABC Company and the market return for the following securities are given below.

a) Determine the Beta coefficient for the company.

b) What percentage of total risk is systematic ?

Year	Securities - Return(%) ABC Co. (Y)	Market Return (X)
2001	-5	-6
2002	14	16
2003	10	12
2004	12	14
2005	17	20

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M.F.A. (II Semester) Examination, May/June 2005
(2002-03 Scheme)
COMMERCE
Paper 2.4 : Securities Analysis and Portfolio Management

Time : 3 Hours

Max. Marks : 80

SECTION – A

1. Answer any ten of the following sub questions in about 3-4 lines each. Each sub question carries 2 marks : (2×10=20)

a) What is a speculation ?

b) What are investment vehicles ?

c) What are derivatives ?

d) What is option pricing model ?

e) What is purchasing power risk ?

f) What is intrinsic value ?

g) What is technical analysis ?

h) What is diversification ?

i) What is security market line ?

j) What is hedging ?

k) What are financial options ?

l) What is earnings multiplier ?

SECTION – B

Note : a) Answer any three questions.
b) Answer to each theory question should not exceed one page.
c) Each question carries 5 marks.

2. What is an investment process ?

3. What are the components and sources of investment risks ?

4. What are convertibles ? What are their features ?

5. Define and distinguish between "Fundamental and Technical Analysis".

6. What are simple and complex diversification of Port folios ?

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SECTION – C

Note : a) Answer any two questions.
b) Answer to each question should not exceed 3 pages and
c) Each question carries 15 marks.

7. Critically examine the "Random Walk Theory".

8. What is valuation of securities ? Analyse the various methods of valuation of equity shares.

9. What is security market line ? Explain the assumptions, analysis and application of CAPM.

10. What do you understand by measurement of portfolio performance ? Explain various methods of performance measurement.

SECTION – D

Note : The case study is compulsory.

11. The β coefficient of a company is 1.4. The company has been maintaining a 6% rate of growth in its earnings or dividends. The dividend paid in the preceding year was Rs. 3.0 per share. The risk free rate of return is 11% and the return on market portfolio is 16%. The current market price per share of the company is Rs. 18. What will be equilibrium price per share of the company ?

a.shok.mfa@gmail.com

AsHok.H.G

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M.F.A. II Semester Examination, May/June 2004

(Semester Scheme)

per 2.4 : SECURITIES ANALYSIS AND PORTFOLIO MANAGEMENT

ne: 3 Hours

Max. Marks: 80

SECTION – A

. Answer **any ten** of the following sub-questions **in about 3-4 lines each. Each** sub-question carries 2 marks. **(2×10=20)**

a) What is investment ?

b) What is meant by Arbitrage ?

c) What is Risk ?

d) What is a Security ?

e) What do you mean by "Hedging" ?

f) What is Security Management ?

g) What is meant by Intrinsic Value ?

h) What is "Net Reward Calculation" ?

i) What is a Portfolio ?

j) What is P/E Ratio ?

k) What is Beta ?

l) What is Conversion Premium ?

SECTION – B

Note: a) Answer **any three** questions. **(5×3=15)**

b) Answer to **each** theory question should **not** exceed **one** page.

c) **Each** question carries 5 marks.

2. What are different modes of Investment ?

3. What causes the Risks ?

4. Write a short note on Markowitz's graphical portfolio **analysis**.

5. What is a convertible security ?

6. What are different types of Derivatives ?

P.T.O.

SECTION – C

Note: a) Answer any two questions: (15×2=30)

b) Answer to each question should not exceed 3 pages, and

c) Each question carries 15 marks.

7. What are the ingredients of successful investment strategy ? Discuss.

8. Explain the different Security Pricing Models.

9. How do you measure portfolio performance under Sharpe's and Treynor's models ? Discuss.

10. Discuss the factors to be considered for industrial analysis.

SECTION – D

Note: The case study is **compulsory**. 15

11. Nallamalai Limited's earnings and dividends have been growing at a rate of 18 percent per annum. This growth rate is expected to continue for 4 years. After that the growth rate will fall to 12 percent for the next 4 years. Thereafter, the growth rate is expected to be 6 percent forever. If the last dividend per share was Rs. 2.00 and the investors' required rate of return on Nallamalai's equity is 15 percent, what is the intrinsic value per share ?

II Semester M.F.A. Degree Examination, June/July 2014
(Semester Scheme)
FINANCE AND ACCOUNTING
Paper – 2.4 : Securities Analysis and Portfolio Management

Time : 3 Hours Max. Marks : 80

SECTION – A

Answer **any ten** of the following questions in about **3-4** lines. **Each** question carries **two** marks. **(10×2=20)**

1. a) Define the term security.

 b) What are oscillators ?

 c) Define interest rate risk.

 d) What are defensive shares ?

 e) Who are liquidity traders ?

 f) What are corner portfolios ?

 g) What are Forward contracts ?

 h) What is capital market line ?

 i) What is meant by Arbitrage ?

 j) Define new issue market. How it is related to secondary market ?

 k) What are the statistical tools used to measure risk of securities return ?

 l) What are formula plans ?

SECTION – B

Answer any three questions in about [illegible] pages. [illegible] (3×5=15)

2. Explain the different ways of raising capital by a company.

3. Explain investment process.

4. You have gathered the stock prices as at the end of each year on March 31 for a company. The following are the particulars.

Year	2002	2003	2004	2005	2006	2007
Stock price (Rs.)	130	142	165	154	189	210

Find out : a) the expected rate of return of the stock
b) standard deviation.

5. The fund position of ABC Ltd. is as under.
a) 4,55,000 equity shares of face value Rs. 10 – Rs. 45.50 lakh
b) 95,000 preference shares of face value Rs. 10 – Rs. 9.50 lakh
c) Reserves Rs. 60.00 lakh.
d) Preference dividend payable 20% on face value.
e) Profit after tax Rs. 58 lakh.
f) Market value of shares [illegible]
Find P/E ratio.

6. Explain the different forms of market efficiency.

SECTION – C

Answer any two questions in about 3 pages. Each question carries 15 marks. (15×2=30)

7. Explain the various forms of derivatives and their utility.

8. The following three portfolios provide the information given below.

Portfolio	Average return %	Standard deviation	Correlation coefficient
A	18	27	0.80
B	14	18	0.60
C	15	8	0.90
Market	13	12	

Risk free rate of interest is 9%
1) Rank the portfolios using Sharpe and Treynors methods.
2) Compare both the indices.