

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 1281 Roll No.

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MBA
(SEM. III) ODD SEMESTER THEORY
EXAMINATION 2013-14
SECURITY ANALYSIS AND INVESTMENT
MANAGEMENT

Time : 3 Hours

Total Marks : 100

Note :—Attempt all Sections.

SECTION—A

1. Answer **all** parts. All parts carry equal marks. **(2×10=20)**
- (a) Explain the objectives of investment.
 - (b) Differentiate between investment and speculation.
 - (c) What do you mean by economic analysis ?
 - (d) What is Dow theory ?
 - (e) What is Technical Analysis ?
 - (f) What are the benefits of an efficient market ?
 - (g) What do you mean by portfolio risk ?
 - (h) What are the benefits of CAPM ?
 - (i) Define derivatives.
 - (j) What are the objectives of Hedging ?

SECTION—B

2. Answer any **three** parts : **(3×10=30)**
- (a) State the economic and financial meaning of investment.
In the stock market, can you differentiate the investor from gambler and speculator ?

- (b) Explain the investor's protection measures taken by the regulatory authorities in the primary market.
- (c) According to the company report, Allied company's rate of return for the past 5 years is 15.95%. This trend is likely to continue for the next 5 years and is assumed to have a growth rate of 10% indefinitely. The company has paid a dividend of Rs. 3.60. The expected rate of return is 20%. The current price of the share is Rs. 80. Calculate the share price using two stage model.
- (d) What is meant by options ? Differentiate between futures and options.
- (e) Define Markowitz diversification. Explain the statistical model used by Markowitz to obtain the risk reducing benefits.

SECTION—C

Note :—Answer all questions. (5×10=50)

3. How do the following tools of technical analysis guide to predict the trends ?
- (i) Market Breadth
 - (ii) Bar chart
 - (iii) Oscillators
 - (iv) Moving averages.

OR

When is a market said to be efficient under EMH ? Suggest certain aspects of Indian stock market which will make it more efficient ?

4. State some dominating risk factors involved in equity investment as compared to bond investment.

OR

What is meant by mutual funds ? What are the advantages of professionally managed portfolio ?

5. State the reason for the Treynor and Sharpe indices of portfolio performance giving conflicting performance ranking.

OR

Explain the CAPM theory and its validity in the stock market.

6. How would call seller's or writer's profit be different from the call buyer's ? Explain with diagrams.

OR

Why is industry analysis important ? Why should it follow the economic analysis ?

7. How does the systematic risk affect the individual stock return ?

OR

What is meant by Stock Exchange ? What are the functions of a Stock Exchange ?