Printed Pages: 3 **NMBAFM-01**

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

Paper ID : 2289858   Roll No. [| | | | | | | | |]

MBA

Regular Theory Examination (Odd Sem-III), 2016-17

SECURITY ANALYSIS AND INVESTMENT MANAGEMENT

Time : 3 Hours   *Max. Marks : 100*

SECTION - A

1.   **Answer all parts of this question. Each part carries 2 marks.**   **(10×2=20)**

   a.   What is investment? Is investment different from speculation?

   b.   Write the key features of national stock exchange.

   c.   Distinguish between a put and call options with examples.

   d.   Write a note on stock index.

   e.   What is beta? It is a better measure of risk than the standard deviation?

   f.   Distinguish between the open - end and closed - end mutual funds.

   g.   What is Depository?

h. What is the role of P/E ratio in buy and sell decision?

i. Define Optimum Portfolio.

j. Define Arbitrage Pricing Theory.

SECTION - B

Attempt any **Five** of the following :   (5×10=50)

2. What is Dow Theory and how is it used to determine the better direction of stock market?

3. What are the powers vested with SEBI to promote the development of securities market and protect the interests of investor?

4. What are the basis dimensions of fundamental analysis? How fundamental analysis is different from technical analysis?

5. "Stock is considered to be risky but bonds are not". This is not fully correct. Elucidate.

6. What do you mean by an options and futures contracts in derivative? Explain the role of Cleaning houses in trading of such contracts.

7. What are the advantages of adopting CAPM model in the portfolio management?

8. Describe the basic arbitrage pricing theory model of two factors.

9. Distinguish between Treynor and sharpe indices of portfolio performance? Which do you recommend? Why?

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SECTION - C

Attempt all questions   **(2×15=30)**

10. An investor finds the following position in respect of two bonds I and II

	Face Value	Coupon rate	Life	Market price
Bond I	5000	8.50%	3 year	9900
Bond II	.10000	8.75%	4 years	4950

Given that Coupon interest is payable annually and the required rate is 90%. Find out the value of both bonds. Which one is better to invest in?

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

Probability	Security A	Security B
0.5	4	0
0.4	2	3˙
0.1	0	3

Give the security of your preference. The security has to be selected on the basis of risk and return.

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