15571

MBA 3rd Semester Examination

Security Analysis and Investment Management (NS)

FM-02

Time : 3 Hours   Max. Marks : 60

The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary/continuation sheet will be issued.

Note : The question paper has three sections. Each section has different instructions. Please read carefully the instructions before attempting any section.

SECTION - A

Write short notes on the following. Each question carries 2 marks. All the questions are compulsory.

1. What are the elements of Fundamental Analysis?

2. What do you understand by Price - Earning Ratio?

3. Why do you calculate risk of a portfolio?

4. What are the tools of Technical Analysis?

5. What is beta? Explain.

6. What is investment risk?

7. What is an efficient portfolio?

8. What do you mean by the term 'breadth of the market'?

9. Differentiate between cyclical industries and defensive industries.

10. What are 'Lead Indicators'?   (10×2=20)

[P.T.O.]

SECTION - B

Write short answers for any four of the following questions. Each question carries 5 marks.

11. Some Financial Theorists consider the variance of the distribution of expected rates of return to be a good measure of uncertainty. Discuss the reasoning behind this measure of risk and its purpose.

12. Discuss the five fundamental factors that influence the risk premium of an investment.

13. Discuss four techniques considered active equity portfolio management strategies.

14. Compare contingent immunization with the strategy of using stop orders to protect a portfolio value.

15. What is the relationship between industry analysis and company analysis?

16. Describe the critical decision variables required to establish and maintain a passive bond management strategy. What are risks of such a strategy?   (5×4=20)

SECTION - C

Write Essay type answers for any two of the following questions. Each question Carries 10 marks.

17. Distinguish between Fundamental Analysis and Technical Analysis. As an analyst which you prefer? Why?

18. Define Markowitz diversification. Explain the statistical method used by Markowitz to obtain the risk reducing benefits.

19. Describe the difference between a price momentum strategy and an earnings momentum strategy. Under what conditions would you expect the two approaches to produce similar portfolio?

20. How do trading costs and market efficiencies affect the active manager? How may an active manager try to overcome these obstacles to success?   (2×10=20)