

CLASS: B.Com.

15A/89

St. JOSEPH'S COLLEGE (AUTONOMOUS) TIRUCHIRAPPALLI – 620 002

SEMESTER EXAMINATIONS – APRIL 2015

TIME: 3 Hrs.

MAXIMUM MARKS: 100

SEM	SET	PAPER CODE	TITLE OF THE PAPER
IV	2013	11UCO430209	SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

SECTION – A

Answer all the questions:

20 x 1 = 20

Choose the correct answer:

- Investments are the:
 - Net additions made to the nation's capital stocks
 - Person's commitment to buying a flat or a house
 - Employment of funds on assets to earn returns
 - Employment of funds of goods and services that are used in the production process
- Primary and secondary markets
 - Compete with each other
 - Complement each other
 - Function independently
 - Control each other
- The financial risk considers the difference between
 - EAIT – EAI
 - EBIT – EBT
 - Revenue – EBIT
 - Revenue – EAI
- Dow theory was developed to explain the ;
 - New York stock market movement
 - Dow Jones industrial averages
 - Security market price movements
 - Buy and sell strategy
- The put option buyer gains
 - In the bullish market
 - In the bearish market

- c) In the stable market
- d) When the strike price is lower than stock price

Fill in the blanks:

- 6. For a layperson, investment means a _____.
- 7. At present, India has _____ stock exchanges.
- 8. Evaluating the financial performance of a company on the basis of qualitative and quantitative factors is called _____.
- 9. Trend refers to the direction of _____.
- 10. Futures contracts obligate a person to buy or sell a particular commodity at a particular price on a _____.

State True or False:

- 11. The time factor involved in speculation and investment is same.
- 12. Issues are floated through prospectors, private placement etc.
- 13. Risk is defined as variability in return or volatility in return.
- 14. Dow's third theory was that the theory is infallible.
- 15. Futures are not traded in organized stock exchanges.

Match the following:

- 16. Speculators - a) Regulatory agencies
- 17. Origin of stock exchanges - b) Three clear cut peaks
- 18. Qualitative factors - c) Short term agencies
- 19. Bull market - d) Non-quantifiable factors
- 20. Futures market - e) Later half of 19th century

SECTION – B

Answer all the questions:

5 x 7 = 35

- 21. a. Give the differences between investor and speculator.

OR

- b. State the stages of investment process.
22. a. Write a note on pricing of new issues.

OR

- b. State the functions of stock exchange.
23. a. The returns 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 return and risk.

OR

- b. An investor has a choice of four stocks for investment. Their rates of return and probabilities are given below.

A		B		C		D	
r	p%	r	p%	r	p%	r	p%
-30	20	-20	15	-20	20	-10	10
0	40	0	35	10	40	0	25
30	30	20	45	40	30	10	40
70	10	40	5	80	10	20	25

- i) Are all these stocks attractive investments? Give reasons.
- ii) Of those that are attractive, how should the investor choose one to buy?

24. a. State about technical analysis and its assumptions.

OR

- b. Write a note on Dow theory.
25. a. Give a note on call options with example.

OR

b. Give a note on put options with example.

SECTION – C

Answer any THREE questions:

3 x 15 = 45

26. Enumerate construction of a portfolio.
27. Discuss in detail about stock exchanges in India.
28. Enumerate about economic analysis.
29. Explain in detail about primary trend and secondary trend.
30. Enumerate payoff of futures.
