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M.B.A. DEGREE EXAMINATION, MAY/JUNE 2008.

Elective

BA 1727 — SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(Regulation 2005)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. What are the two major types of information necessary for security analysis?
2. What are the features of preference shares?
3. What do you mean by underwriting?
4. What is demutualization of stock exchanges?
5. What do you understand by fundamental approach to security analysis?
6. Define Multiplier?
7. Explain the three types of trends in stock prices?
8. What do you infer from the moving average theory of technical analysis?
9. What is an index fund?
10. What is the difference between SML and CML?

PART B — (5 × 16 = 80 marks)

11. (a) As an investment advisor what features would you suggest to be included in the investment bunch of a client? Explain the features briefly?

Or

(b) "Security analysis requires as first step the sources of information, on the basis of which analysis is made". What are different types of information used for security analysis?

12. (a) Who are the key players involved in the new issues market?

Or

(b) What are the objectives and functions of SEBI?

13. (a) "Industry life cycle exhibits the status of the industry and gives the clue to entry and exit for investors". Elucidate?

Or

(b) How does ratio analysis reflect the financial health of a company?

14. (a) How would you use ROC to predict the stock price movement? Kindly elucidate with an example.

Or

(b) "Chart patterns are helpful in predicting the stock price movement". Comment.

15. (a) The following three portfolios provide the particulars given below.

Portfolio	Average Annual Return	Standard Deviation	Correlation co-efficient
A	18	27	0.8
B	14	18	0.6
C	15	8	0.9
Market	13	12	-

Risk free rate of interest is 9%.

(i) Rank these portfolios using Sharpe's and Treynor's methods.

(ii) Compare both the indices.

Or

(b) What are the basic assumptions of CAPM? What are the advantages of adopting CAPM model in the portfolio management?