

**G 4523**

M.B.A. DEGREE EXAMINATION, MAY/JUNE 2007.

Third Semester

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. Who is a speculator?
2. List any two characteristics of common stock.
3. Distinguish between IPO and FPO.
4. Expand NEAT and BOLT.
5. What is P/E ratio?
6. Define intrinsic value of the security.
7. What are oscillators?
8. What is "breadth of the market"?
9. What is the other name for the "risk adjusted performance measure"?
10. Define open-end funds.

PART B — (5 × 16 = 80 marks)

11. (a) "Bank service and deposit innovations are numerous to attract the investors in the present Indian scenario". Substantiate your views with relevant facts. (16)

Or

- (b) "Stock market indices are the barometer of Indian Economy"-Discuss. (16)

12. (a) What are the recent measures taken by the SEBI to protect the investors? (16)

Or

- (b) "Primary and secondary markets are complementary to each other but their organizational set up are different"-Comment. (16)

13. (a) Discuss the concept of an industry life cycle by describing each of its four phases. In which phase of the life cycle, Investments in an Industry are most attractive? (16)

Or

- (b) Ram is considering the purchase of the bond currently at Rs. 878.50. The bond has four years to maturity, face value of Rs. 1,000 and 8% coupon rate. The next annual interest payment is due after one year from today. The required rate of return is 10%.

- (i) Calculate the intrinsic value of the bond. Should Ram buy the bond.  
(ii) Calculate the yield to maturity of the bond. (16)

14. (a) How does technical analysis differ from the fundamental analysis? (16)

Or

- (b) How does RSI indicate the technical strength and weakness of the share price fluctuations? (16)

15. (a) Explain the CAPM theory and its validity in the Indian stock market. (16)

Or

- (b) The following information is provided regarding the performance of the funds namely Kotak Lifestyle Fund., J M Basic Fund and Standard Chartered Premier Equity Fund for the period of six months ending Dec. 2005. The treasury bill rate is 7.5%. Rank them with the help of Sharpe and Treynor index and discuss. (16)

	$R_p$	$\sigma_p$	$\beta$
Kotak Lifestyle Fund	25.38	4	0.23
J M Basic Fund	25.11	9.01	0.56
Standard Chartered Premier Equity Fund	25.01	3.55	0.59