

MAY 2013

P/ID 37522/PBEF

Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carries equal marks.

1. How does systematic risk affect the individual stock return?
2. How does fundamental analysis differ from technical analysis?
3. Explain briefly the DOW Theory.
4. Define various forms of market efficiency.
5. What are the basic features of futures?
6. How does markowitz theory help in planning an investor's portfolio?
7. What are the advantages of professionally managed portfolio?
8. What are the basic assumptions of CAPM?

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Explain the various bond value theorems with examples.
10. “Investing in Levered companies is profitable during the boom period and avoiding it during recession is more wise” – Elucidate.
11. Explain the utility of the economic analysis and state the economic factors considered for this analysis.
12. Discuss the odd-lot theory and its importance in technical analysis.
13. Mr A is having units in a mutual fund for the past three years. He wants to evaluate its performance by comparing it to the market.

	Fund	Market
Return	70.60	41.40
Standard Deviation	41.31	19.44
Risk free rate	2%	2
β	1.12	-

Find out Sharpe and Treynor indices. Comment.

14. V bought the stock of Hero, Suzuki Bajaj with the expected rate of return of 30 percent after a year. The purchase price and the end period price are given below. Find out whether his expectations are full filled.

Stock	Price on		Dividend
	19.01.2010	19.01.2011	
Hero	101	125	10%
Suzuki	45	104	15%
Bajaj	335	421	35%

PART C — (1 × 15 = 15 marks)

Compulsory

15. Stock J and S have the following parameters.

	Stock J	Stock S
Expected Return	20	30
Expected Variance	16	25
Covariance of JS = 20		

Is there any advantage of holding a combination of J and S.
