

MAY 2012

**P/ID 37522/PBEF**

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Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What are the sources of investment information?
2. Give a brief account of different types of securities.
3. Distinguish between systematic and unsystematic risk.
4. Explain any two advantages of company analysis.
5. Explain options contract.
6. What are the steps in the traditional approach?
7. How is portfolio managed?
8. Give an account of various types of mutual funds in brief.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Explain the utility of economic analysis and state the economic factors considered for this analysis.
10. Define and discuss the semi-strong efficient market hypothesis.
11. State the reasons for the Treynor and Sharpe indices giving conflicting performance ranking.
12. What are the strengths and weakness of Markowitz approach?
13. Discuss the process and principle employed in setting up the income portfolio.
14. Fund A has Rs. 10,00,000 under management at time 0. It earns 25% in period 1. At that time, Rs. 5,00,000 is pulled by other investors. The remaining capital earns negative 10% during period 2. What are funds time-weighted and rupee-weighted rates of return?

PART C — (1 × 15 = 15 marks)

(Compulsory)

15. Shri has prepared the following information regarding two investments under consideration. Which investment should be accepted?

Security SUD		Security BSA	
Probability	Return	Probability	Return
0.30	27%	0.21	15%
0.50	18%	0.30	6%
0.30	-2%	0.40	10%
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