

## Security Analysis and Investment Management

Paper : FM- 307

Time : Three Hours]

[Maximum Marks : 70

**Note:—** Attempt **FIVE** questions in all. Question No.1 is compulsory.

All questions carry equal marks.

1. Write brief explanation of the following :

- (i) Book Building
- (ii) Term structure of interest rate
- (iii) Sub-prime lending
- (iv) OTCEI
- (v) Elliot Wave Theory
- (vi) Rolling settlement
- (vii) Yield to maturity.

2×7=14

2. What are the characteristics that an investor would like to have in an investment option ? Explain each of these characteristics for different investment options available.

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3. Why would an investor want to know the beta coefficient for a particular company ? How could this information be calculated and used ?

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4. Write notes on :

- (i) New issue market
- (ii) Procedure of listing of securities on stock exchanges.

7+7=14

5. (a) List the advantages offered by investment companies.

(b) Investment in the Real Estate.

7+7=14

6. A chemical company paid a dividend of Rs. 2.75 during the current year. Forecasts suggest that earnings and dividends of the company are likely to grow at the rate of 8 percent over next five years and at the rate of 5 percent thereafter. Investors have traditionally required a rate of return of 20 percent on these shares. What is the present value of the stock ?

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7. (a) How is the price of a bond determined ? Why is this process relatively straight forward for a bond ?

(b) How can bond investors eliminate the reinvestment rate risk inherent in bonds ?

7+7=14

8. Why is a market that is weak-form efficient in direct opposition to technical analysis ?

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