Roll No. ....

Total Pages : 2

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SECURITY ANALYSIS AND INVESTMENT MANAGEMENT

Paper : FM-307

Time : Three Hours]

[Maximum marks :70

Note: Attempt *five* questions in all. Q. No. 1 is compulsory. All questions carry equal marks.

1. Compulsory Question.

   Explain briefly :

   (a) Speculation. (2)

   (b) Index as indicator of economy. (2)

   (c) Sub-prime lending. (2)

   (d) Mark-to-market margin. (2)

   (e) Bond duration. (2)

   (f) Beta (2)

   (g) Moving average (2)

2. Compare arithmetic mean with geometric mean as a tool to measure stock return. Why standard deviation is commonly employed as a measure of risk?

3. Why do companies issue shares in the primary market? What is the relationship between the new issue market and the secondary market?

4. Write short notes on the following:

   (a) Mechanics of investing.

   (b) Market index.

5. A company paid dividends amounting to R.s 0.75 per share during the last year. The company is expected to pay R.s 2 per share during the next year. Investors forecast a dividend of R.s 3 per share in the year after that. Thereafter, it is expected that dividends will grow at 10

percent per year into an indefinite future. Would you buy/sell the share if the current price of the share is R.s 54? Investor is required rate of return is 15 percent?

6. What do you understand by Non-security form of investment avenues? Why do people invest in real estate?

7. What do you understand by Intrinsic value? How is it calculated and used by the investors for investment purpose?

8. Discuss the recent developments which have taken place in Indian stock market?