Avinashilingam Institute for Home Science and Higher Education for Women
Coimbatore – 641 043

Master's Degree Examination – November 2017
III-Semester

Class : II PG
Major : M.B.A. / M.B.A. – IT Organisation Administration

Max. Marks: 60
Time: 3 hours

Functional Specialisation I/ II Paper – I

16MBAC19F/16MBAC20F/16MBMC19F Investment & Security Analysis

Part A $10 \times ½ = 5$
Choose the correct answer

1. Investments are concerned with _______
   a) Risk and return b) Interest c) Period d) None of the above

2. _____ protects the investors against unfair trade practices and frauds.
   a) ICFAI b) SEBI c) FERA d) FEMA

3. Fundamental Analysis consists of
   a) Reading bar charts and graphs to find out the future value of shares
   b) Efficient market shares c) Combining a set of securities through Markoistz model for For an efficient portfolio d) Making an analysis of economic factors and company analysis.

4. In the bull market
   a) Stock prices are increasing b) prices are falling
   c) Each peak is higher than the previous peak. d) there is stability in prices of stock

5. Markowitz Theory is called ________ model.
   a) Full Covariance b) Index model c) Sharpe d) Treynor

6. _______ states that the expected return on a portfolio is equal to the risk free plus a risk premium.
   a) EMH b) CML c) SML d) CAPM

7. ______ are used to transform the fixed rate loan into a floating rate loan
   a) Commodities b) ROC c) RSI d) SWAPS

8. _______ are in the form of puts, calls, straddle & strap.
   a) Options b) SWAPS c) Warrants d) Futures

9. An individual at the age of ______, such an investor would prefer low risk and low return but Stable income.
   a) 18 to 25 b) 25 to 30 c) 30 to 40 d) 40 to 50

10. All Foreign Institutional Investors are have to be registered with ______
    a) FEMA b) FERA c) SEBI d) IRDA

PART - B (5 X 4 = 20 Marks)

Answer All the Questions

Answer should not exceed 200 words or one page

11. (a) What are the factors which are favourable for making investments in an economy?

(OR)

(b) What are the differences between money market and capital market?

12. (a) What financial statements in your opinion are helpful in undertaking the company's Prospects?

(OR)

(b) The following information is available of company 'X' and 'Y'.

Sl.No.		Company 'X'	Company 'Y'
1.	Face value of a share	10	10
2.	No. of equity shares issued	5,00,000	8,00,000
3.	Equity Share Capital	50,00,000	80,00,000
4.	Reserves	6,00,000	65,00,000

Find the book value per share,

1. (a) Distinguish between Capital Market Line and Security Market Line.

(OR)

(b) How did Arbitrage Pricing Theory is useful for investors and portfolio managers for evaluating securities?

2. (a) What are the characteristics of Derivators?

(OR)

(b) What are the different types of Financial Derivatives?

3. (a) Explain Foreign Portfolio Investment.

(OR)

(b) What is behavioral finance?

PART - C (5 X 7 = 35 Marks)

Answer All the Questions

Answer should not exceed 600 words or six pages

Question No. 20 is Compulsory.

16, (a) Describe the Structure of Indian Financial System?

(OR)

(b) "Most investors are risk averse" – Elaborate.

17. (a) From the following information given, find out Earnings Per Share and Earnings to Equity.

Particulars	Company X	Company Y	Company Z
A. Face value of equity share	Rs. 10	Rs. 10	Rs. 10
B. Total no. of shares subscribed	2,00,000	3,00,000	5,00,000
C. Equity share capital (A X B)	20,00,000	30,00,000	50,00,000
D. Shareholders' Reserve	40,00,000	10,00,000	30,00,000
E. Profit after Tax	10,00,000	12,00,000	30,00,000
F. Amount paid as Preference Dividends (There is no Preference issue)	Nil	Nil	Nil

(OR)

(b) According to Dow Theory how did the price movements in a market can be identified by means of a line-chart?

18. (a) How does Markowitz Model help in planning an investor's portfolio?

(OR)

(b) How did CAPM theory can help the investor in finding out if the securities are Underpriced or overpriced to form a portfolio?

19. (a) Discuss the derivative market in India.

(OR)

(b) Define Options. What are the types and features of Options?

20. COMPULSORY QUESTION.

An investor buys 600 shares of ABC Ltd., Rs.300 per share in the cash market. In order to hedge, he sells 400 futures of ABC Ltd., Rs.200 each. The share price and futures decline by 8% and 4% the very next day respectively. He closes his positions next day by counter-transactions. Find out his profit or loss.

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