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III Semester M.Com. Examination, April/May 2024
(CBCS Scheme)
Paper – 3.4 : FB – SECURITY ANALYSIS

Time : 3 Hours

Max. Marks : 70

Instruction : Answer **all** questions as per **instruction**.

SECTION – A

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. (7×2=14)

- a) Define Securities.
- b) What is a share certificate ?
- c) What are gilt edged securities ?
- d) List the investors objectives.
- e) What is sweat equity ?
- f) Name any two fixed income securities.
- g) Who are the participants in financial markets ?
- h) Define the term new issue market.
- i) What do you mean by economic analysis ?
- j) Write the classification of industry.



SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks. (4×5=20)

2. Explain the investment process.
3. How does technical analysis differ from fundamental analysis ?
4. Bring out the differences between the forward contracts and futures contract.
5. Explain Dow theory.

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6. From the following particulars, determine expected return and standard deviation of security A.

Probability	Return %
0.15	10
0.35	14
0.30	12
0.20	11

7. If the risk free returns is 10% and the expected returns on BSE Index is 18% risk measured by standard deviation is 5%, how would you construct an efficient portfolio to produce a 16% expected returns ? What would be its risk ?

SECTION – C

Answer **any three** questions out of five. **Each** question carries **twelve** marks. **(3×12=36)**

8. Explain the various forms of market efficiency under efficient market analysis.
9. Explain the inputs of Black-Sholes option pricing model. How does each input affect the price/premium as the option ?
10. Explain the types of derivatives used for hedging purpose.
11. After a detailed analysis of both the aggregate stock market and the stock of RL Company Ltd., an investor has developed the following figures :

Economic Conditions	Stock Market returns company	Returns of RL Ltd. stock	Probability
Good	16%	20%	0.4
Fair	12%	13%	0.4
Poor	03%	- 5%	0.2

12. Calculate the duration of the Bonds A and B from the following particulars :

	Bond A	Bond B
Face value	Rs. 2,000	Rs. 2,000
Coupon Interest	8%	9%
Years of Maturity	5	5
YTM	7%	7%

Also determine the volatility of the Bonds.

