

APRIL 2023

66401/KDA4G/KDF4G

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

1. What is investment?
2. Define negotiable securities.
3. What is meant by risk?
4. Short notes on NPV.
5. What is fundamental analysis?
6. What are financial securities?
7. What is meant by portfolio?
8. What are risk free assets?
9. Expand the CAPM.
10. What is intrinsic value?
11. What is beta?
12. What is meant by debenture?

II Mcom → Security Analysis and Portfolio

PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. What are the sources of investment information?
14. ABC Ltd is expected to pay a dividend of Rs.5 per share, next year. The dividend is expected to grow perpetually at the rate of 10%. What is the value of the share if the capitalization rate is 15%?
15. What are the objectives of fundamental analysis?
16. List out the types of portfolio.
17. What are the types of efficient market hypothesis?
18. Mention the assumptions of CAPM theory.
19. What are the main objectives of investment analysis?

PART C — (4 × 10 = 40 marks)

Answer any FOUR questions.

20. Explain the process of investment undertaken by the investor.
21. Discuss the sources of risk associated with investment.

22. A bond of Rs.1,000 face value, bearing a coupon rate of 12% will mature after 7 years. What is the value of the bond if the discount rates are 14% and 12%?

23. The X and Y corporations have the following expected risk and return inputs for the following year.

$$R_x = 15\% \quad \sigma_x^2 = 16\%$$

$$R_y = 18\% \quad \sigma_y^2 = 25\%$$

$$R_{xy} = .6$$

The portfolio risk for a portfolio of 50 per cent in each asset is 4.03. Determine the correlation co-efficient that will be necessary to reduce the level of portfolio risk by 75 per cent? What is the expected return of the equally weighted portfolio?

24. Enumerate the various types of order.
25. Discuss the parties involved in carry forward transaction.