

NOVEMBER 2024

**66463/413E1A/
411E1C/414E2D**

Time ; Three hours

Maximum : 75 marks

SECTION A — (10 × 1 = 10 marks)

Answer any TEN questions each in 50 words.

1. Define the term investment.
2. What is P/E ratio?
3. What is company analysis?
4. How are Bar charts useful?
5. What are risky projects?
6. What is capital risk?
7. Give the meaning of Portfolio.
8. What is size risk?
9. What is holding period return?
10. List any two objects of CAPM.
11. What is terminal wealth?
12. Write a note on portfolio analysis.

SECTION B — (5 × 5 = 25 marks)

Answer any FIVE questions each in 200 words.

13. Distinguish investment and speculation.
14. Write a short note on DuPont analysis.
15. How technical analysis different from fundamental analysis?
16. Explain the risk return relationship.
17. What are the components of CAPM?
18. If the risk free return is 15%, the expected return on BSE index is 20% and risk measurement by standard deviation is 6%, how would you construct an efficient portfolio to produce a 18% expected return and what would be its risk?
19. Security J has a beta of 0.75 while security K has a beta of 1.45. Calculate the expected return for these securities, assuming that the risk free rate is 5 percent and the expected return of the market is 14 percent.

2

66463/413E1A/
411E1C/414E2D

SECTION C — (4 × 10 = 40 marks)

Answer any FOUR questions each in 500 words.

20. Elaborate the various sources of investment information.
21. Explain the various techniques of technical analysis.
22. Differentiate CAPM from APM.
23. Calculate the expected return and variance of a portfolio comprising two securities, assuming that the portfolio weights are 0.75 for security 1 and 0.25 for security 2. The expected return for security 1 is 18 per cent and its standard deviation is 12 percent, while the expected return and standard deviation for security 2 are 22 percent and 20 percent respectively. The correlation between the two securities is 0.6.
24. Discuss the importance of portfolio management.
25. Examine the three levels of Effective Market Theory.

3

66463/413E1A/
411E1C/414E2D