PG – 843

III Semester M.Com. Degree Examination, January 2013
(2007-08 Scheme) (NS)
COMMERCE
Paper F-2 : Securities Analysis

Time : 3 Hours

Max. Marks : 80

SECTION – A

1. Answer **any ten** of the following in about 3-4 lines **each** :   (2×10=20)

   a) What is a call option ?

   b) What is intrinsic value of a security ?

   c) What is 'CAGR' ?

   d) What is 'bond duration' ?

   e) What is yield to maturity ?

   f) What is resistance level ?

   g) What is support level ?

   h) Give examples of unsystematic risk.

   i) What is a premium bond and what is a discount bond ?

   j) What is speculation ?

   k) What is systematic risk ?

   l) State two differences between futures and forward contracts.

SECTION – B

Answer **any three** of the following in about a page. **Each** question carries 5 marks.
(3×5=15)

2. Explain Dow theory.

3. Suppose you expect the price of a stock to be Rs. 59.77 per share a year from now. Its current market price is Rs. 50 and you expect it to pay a dividend 1 year from now of Rs. 2.15 per share. What is the stock's expected dividend yield, rate of price appreciation and holding period return ?

P.T.O.

4. Bringout the distinction between investment and speculation.

5. State the relationship between price and yield of a bond.

6. Define serial correlation. How is it used in test of market efficiency ?

SECTION – C

Answer **any three** of the following. Answer to theory question should not exceed
3 pages.   (3×15=45

7. Discuss the commonly used dividend discount models of stock valuation. Derive
   P/E ratio from dividend discount model.

8. Explain the inputs to the Black-Scholes option pricing model. How does each
   input affect the price/premium as the option ?

9. a) Discuss the industry analysis highlighting its relevance to fundamental analysis.

   b) Ramesh Engineering Ltd. is expected to grow at the rate of 6% per annum.
      The dividend expected one year hence is Rs. 2 per share. The required rate
      of return is 14% p.a. What is the share worth now ? What will be your buy
      or sell decision ?   (10+!

10. a) What is technical analysis ? Critically evaluate **any two** of the following :

    i) Relative strength analysis

    ii) Moving average method

    iii) Chart patterns

    b) For the following data find the market breadth.

Day	Advances	Declines
1	630	520
2	690	470
3	740	420
4	490	630

    (10+5=1

11. What is risk in investment ? Discuss risks with particular reference to equity
    and bonds.

III Semester M.Com. Degree Examination, December 2013/January 2014
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SECTION – A

Answer **any ten** of the following in about 4-6 lines. Each question carries 2 marks.
(10×2=20)

1. a) What is diversifiable risk ?

   b) What is a hybrid security ?

   c) What is immunization of bonds ?

   d) What is yield to maturity ?

   e) Define hedging.

   f) What are the objectives of valuation of securities ?

   g) What is in-the-money in a call option ?

   h) What is meant by floating rate of interest ?

   i) What is P/E ratio ?

   j) What is yield curve ?

   k) What are irredeemable preference shares ?

   l) What is meant by intrinsic value of a call option ?
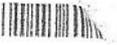
SECTION – B

Answer any three of the following in about a page. Each question carries five mark
(3×5=

2. The return on securities x and y are as under

Probability Returns %

	X	y
0.40	12	10
0.30	14	12
0.20	9	9
0.10	8	7

Find the expected return and risk.

3. Derivatives are the hedging instalments. Discuss.

4. What are the differences between ownership security and debt security ?

5. Calculate the duration of the bond from the following information.

Face value – Rs. 1,000, Coupon interest – 11%, Maturity period – 5 years, Required rate of return – 12%

6. Describe the factors considered under company analysis.

SECTION – C

Answer any three questions in 3 pages. Each carries 15 marks. (3×.ɔ=4

7. Explain Bond Value theorms with examples.

8. Ram is considering the purchase of a bond currently selling at 900.00. The bond has 4 years to maturity, face value of Rs. 1,000 and coupon interest of 11%. The next annual interest payment is due affer one year. The required rate of return is 12%

a) Calculate the intrinsic value of the bond.

b) Calculate the yield to maturity.

9. The dividend paid by ABC Ltd. last year was Rs. 2 per share. The dividends are expected to grow at 9% for the next 3 years where after the dividends grow at 5% perpetually. The expected return is 12%. Find the present value of shares.

10. "Technical analysis is also known as chart analysis". Explain various types and patterns of charts.

11. The return on scrip of ABC Ltd. and index return are as under :

Index return	Scrip return
0.40	0.30
0.50	0.60
0.60	0.40
0.70	0.50
0.80	0.60
0.40	0.30
0.60	0.70
0.50	0.50
0.90	0.60

Determine Beta of the scrip.