

**PJ-512**

III Semester M.Com. Examination, January - 2020
(CBCS Scheme)

COMMERCE

Paper-3.4 FB : SECURITIES ANALYSIS

Time : 3 Hours

Max. Marks : 70

SECTION - A**7x2=14**Answer **any seven** sub-questions. Each sub-question carries **two** marks.

1. (a) What is Security Analysis ?
- (b) State any two objectives of Investment.
- (c) What are Deep Discount Bonds ?
- (d) What do you mean by Bond Immunization ?
- (e) State any two differences between Futures and Options Contract.
- (f) What are Heads and Shoulders ?
- (g) What is Candlestick Chart Analysis ?
- (h) What are Earning Multipliers ?
- (i) What is Co-efficient of Determination ?
- (j) Give examples of Unsystematic Risk.

SECTION - BAnswer **any four** questions. Each question carries **five** marks.**4x5=20**

2. "Mutual Funds offer Best form of Investment". Discuss.
3. Describe the factors considered under Fundamental Analysis.
4. State the relationship between Price and Yield of the Bond.
5. Distinguish between Investment and Speculation.
6. An investor purchases a bond at a price of ₹ 800 with ₹ 200 as coupon payment and sold it for ₹ 1,000.
 - (a) What is the Holding Period Return ?
 - (b) If the bond is sold for ₹ 650 after receiving ₹ 200 as coupon payment, then what is the Holding Period Return ?
7. Discuss the impact of changes in Interest Rates and Inflation Rates on Bonds.

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**SECTION - C**

Answer **any three** questions. Each question carries **twelve** marks. **3x12=36**

8. Explain in detail Dows Theory and how it is applicable to determine the direction of Stock Market ?
9. For the first four years, XYZ Ltd., is assured to grow at a rate of 12%. After four years, the growth rate of dividend is assumed to decline linearly to 6%. After 8 years, the company is assumed to grow at a rate of 8% indefinitely. The next year dividend is ₹ 4 and the required rate of return is 15%. Find out the value of the stock.
10. Discuss the concept of an Industry Life Cycle by describing each of its four phases with suitable industrial examples. In which phase of the life cycle, investments in industry are most attractive and why ?
11. From the following particulars, determine YTM (Yield To Maturity) and Volatility of the Bond :
- | | | |
|--------------------------|---|---------------|
| (a) Face Value | - | ₹ 10,000 |
| (b) Coupon Interest | - | 18% per annum |
| (c) Redemption Value | - | ₹ 10,000 |
| (d) Year to Maturity | - | 8 Years |
| (e) Current Market Price | - | ₹ 9,100 |
12. Explain the types of Derivatives used for Hedging purpose.