

(2)

- 12. You have decided to buy 500 shares of an IT company with the intention of selling out at the end of five years. You estimate that company will pay Rs. 3.50 per share as dividends for the first two years and Rs. 4.50 per share for the next three years. You further estimate that, at the end of the five year holding period, the shares can be sold for Rs. 85. What would you be willing to pay today for these shares if your required rate of return is 12 per cent ?
- 13. Why do companies issue shares in the primary market ? What is the relationship between the new issue market and the secondary market ?
- 14. Write short notes on :
 - (a) Cost of investing in securities.
 - (b) Why is it riskier to buy unlisted securities ?
- 15. Discuss the recent developments including Sharda Group case of West Bengal which have taken place in Indian stock market.

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MMS/D-13

**SECURITY ANALYSIS AND INVESTMENT
MANAGEMENT**

Paper-FM-306

Time allowed : 3 hours]

[Maximum marks : 70

Note : Attempt any Eight questions of five marks each from Part-A and three questions of ten marks each from Part-B.

Part-A

- 1. Why do investors invest in gold ?
- 2. What is rolling settlement ?
- 3. Distinguish between investment and speculation.
- 4. List the investment alternatives of the money market.
- 5. What is beta ? How is it interpreted ?
- 6. What is meant by duration of a bond ?
- 7. Write note on Japanese candlestick charts.
- 8. What is random walk theory ?
- 9. Why is market analysis so important ?
- 10. Describe the procedure of investing in equity shares.

Part-B

- 11. Define risk and distinguish between systematic and unsystematic risk. What are the statistical tools used to measure the risk of the securities return ?

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