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(May)

COMMERCE

(Speciality)

Course : 404

(Security Analysis and Portfolio Management)

Full Marks : 80
Pass Marks : 32

Time : 3 hours

The figures in the margin indicate full marks
for the questions

1. What do you mean by the following (answer in _one_ sentence)? 1×8=8

   (a) Valuation of assets

   (b) Efficiency frontier

   (c) Market risk

   (d) Risk adjustment

   (e) Future

(f) Systematic return

(g) Diversification

(h) Options

2. Write short notes on the following : 4×4=16

(a) Nature of option

(b) Arbitrage

(c) Portfolio management

(d) Convertible securities

3. (a) What do you mean by unsystematic risk? What are its sources? How can it be managed? Detail out with examples. 2+2+7=11

Or

(b) Discuss different measures to analyze the fundamental and technical factors in investment decisions. 5+6=11

4. (a) Write a detailed note on traditional portfolio analysis. 11

Or

(b) Write a detailed note on Markowitz model.

5. (a) Discuss the assumptions of CAPM model. Do you think that it is acceptable in Indian context? Justify your argument with examples. 4+7=11

Or

(b) Discuss the limitations of factor models. In what way two-factor model is better than one-factor model? Justify. 5+6=11

6. Write notes on any *two* of the following : 6×2=12

(a) Sharpe model

(b) Treynor model

(c) Jensin model

(d) Stock selection

7. (a) Calculate the fair price of a 3-month (91 days) call and put option with exercise price of 120 for a stock quoting at ₹ 100. Assume interest rate of 10% and SD of 0·8. 11

Or

(b) Stock *PQR* is currently priced at ₹ 1,000. A put option with exercise price of ₹ 980 is available for ₹ 42. What are intrinsic value and time value?

★ ★ ★