

(Investment Analysis and Portfolio Management)

1. Answer the following multiple-choice questions : $1 \times 6 = 6$
- (a) In a well-diversified portfolio investment, which of the following risks is negligible ?
- (i) Systematic risk
 - (ii) Unsystematic risk
 - (iii) Non-diversifiable risk
 - (iv) Market risk
- (b) Portfolio approach to investing is primarily focused on which of the following ?
- (i) Risk optimization
 - (ii) Return appreciation
 - (iii) Diversification
 - (iv) Value protection
- (c) The third stage of industry life cycle development is
- (i) Pioneer's stage
 - (ii) Maturity and stabilization stage
 - (iii) Relative declining stage
 - (iv) Fast growing stage

(d) Which one of the following is not an element of financial analysis of a company ?

- (i) Product and service analysis
- (ii) Financial statement analysis
- (iii) Gross profit analysis
- (iv) Net profit analysis

(e) A way to measure the performance of an investment by taking risk into account is

- (i) Jensen's ratio
- (ii) Sharpe's ratio
- (iii) Treynor's ratio
- (iv) Single index ratio

(f) Which of the following are not participants of derivatives market ?

- (i) Arbitrageurs
- (ii) Brokers
- (iii) Hedgers
- (iv) Speculators

2. Answer the following short questions :
 $2 \times 5 = 10$

- (a) Who is a portfolio manager?
- (b) What are meant by security market indices?
- (c) What is market risk in relation to investment?
- (d) What do you mean by portfolio analysis?
- (e) What is meant by portfolio revision?

3. Answer **any six** of the following questions :
 $5 \times 6 = 30$

- (a) Briefly explain the different types of portfolio management.
- (b) An investor expects future dividend from his investments in a company, and probability associated with the distribution of dividend at the expected level is given below :

Possible return	40	30	35	52	45
Probability	0.60	0.55	0.40	0.70	0.76

Compute expected return from such investment.

(c) Briefly explain the major functions of securities market.

(d) State the methods of raising long-term capital from the stock market.

(e) Explain the various types of investment analysis.

(f) Elaborate the key elements of company analysis.

(g) Write a short note on Jensen's measure of portfolio investment.

(h) State the importance of portfolio revision.

(i) Elaborate the different types of derivative contracts.

4. Answer **any two** of the following questions :
 $10 \times 2 = 20$

(a) State the objectives of investment. What are the factors to be considered before investing?

(b) What is technical analysis? Elaborate the various basics of technical analysis.

(c) Explain the various methods of portfolio performance evaluation.

5. Answer **any one** of the following questions : 14

- (a) What is meant by investment? Explain the various securities and non-securities form of investment.
- (b) What do you mean by securities market indices? Explain the purpose of securities market indices.