

[Time: Hrs]

[Marks: 60]

Please check whether you have got the right question paper.

Instructions :

1. Q1 (20 marks) are compulsory.
2. Attempt Any Four (40 marks) out of Q2, Q3, Q4, Q5, Q6 and Q7.
3. Students have to attempt any four out of the remaining six questions and within each question; students have to attempt any one out of two sub – questions. Each sub – question would carry 10 Marks.
4. Figures to the right indicate full marks.
5. Draw neat diagrams wherever necessary.

Q.1 Read and attempt the following:**(A) Multiple choice question****10 Marks**

- i. What is a security?
 - A) A physical asset
 - B) A financial instrument representing ownership
 - C) A type of bank product
 - D) An investment solely in real estate
- ii. Which of the following is NOT a type of security?
 - A) Stocks
 - B) Bonds
 - C) Commodities
 - D) Options
- iii. The expected return on a security is influenced by:
 - A) Historical performance only
 - B) Company performance and market conditions
 - C) Government policies only
 - D) None of the above
- iv. What does standard deviation measure in finance?
 - A) Average return
 - B) Total return
 - C) Risk or volatility
 - D) Market trend
- v. The Efficient Market Hypothesis (EMH) suggests that:
 - A) The market always overreacts to news
 - B) Prices reflect all available information
 - C) Investors can consistently achieve higher returns
 - D) Fundamental analysis is useless
- vi. Which form of EMH states that all public and private information is reflected in stock prices?

- A) Weak form
 - B) Semi-strong form
 - C) Strong form
 - D) None of the above
- vii. A commonly used method for valuing a company is:
- A) Price-to-earnings (P/E) ratio
 - B) Price-to-book (P/B) ratio
 - C) Discounted cash flow (DCF)
 - D) All of the above
- viii. In equity research, what does "fundamental analysis" focus on?
- A) Price trends
 - B) Financial statements and economic indicators
 - C) Market charts
 - D) Investor psychology
- ix. A bond's yield to maturity (YTM) measures:
- A) The annual coupon payment
 - B) The total return anticipated if the bond is held until it matures
 - C) Current market value of the bond
 - D) The bond's credit rating
- x. What risk is associated with fixed income securities primarily due to changes in interest rates?
- A) Credit risk
 - B) Liquidity risk
 - C) Interest rate risk
 - D) Currency risk

(B) State whether True or false.

10 Marks

- i. Securities represent ownership positions in assets or creditor relationships with entities.
- ii. All securities are risk-free investments.
- iii. There is generally a trade-off between risk and return in securities investing.
- iv. Higher risk always guarantees higher returns.
- v. Indexing strategies aim to match the performance of a specific market index.
- vi. Benchmarking is unnecessary for active investment strategies.
- vii. Technical analysis focuses on historical price movements and trading volumes.
- viii. Technical analysts typically ignore market psychology.
- ix. Capital Market Theory includes concepts such as the Capital Asset Pricing Model (CAPM).
- x. The Capital Market Theory assumes that investors do not hold diversified portfolios.

Q.2 Attempt any Two of the following:

10 Marks

- i. Write note on structure of securities market.
- ii. What is dematerialisation?

- iii. What are the types of derivatives securities?

Q.3 Attempt any Two of the following:

10 Marks

- i. Define Risk.
- ii. Write note on Purchasing Power Risk.
- iii. Explain Business Risk.

Q.4 Attempt any Two of the following:

10 Marks

- i. Explain Random Walk theory
- ii. Discuss the significance of Efficient Market Hypothesis
- iii. What are the uses of Efficient Market Hypothesis?

Q.5 Attempt any Two of the following:

10 Marks

- i. Discuss the industry life cycle stages.
- ii. What is P/E ratio?
- iii. Explain the methods used for valuing equity shares.

Q.6 Attempt any Two of the following:

10 Marks

- i. What is Risk free lending and borrowings?
- ii. Write note on Capital Market Line.
- iii. Explain Security Market Line

Q.7 Attempt any Two of the following:

10 Marks

- i. Explain the Dow Theory
- ii. Write note on Type of Charts.
- iii. What are the technical indicators?
