

## **BA5012 SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT**

### **IMPORTANT QUESTIONS AND QUESTION BANK**

#### **UNIT-I INVESTMENT SETTING**

##### **2-Marks**

1. Define Investment.
2. What is risk and return?
3. Distinguish between the financial and economic meaning of investment.
4. Define risk and distinguish between systematic and unsystematic risk.
5. What is meant Financial Investment?
6. What is risk?
7. What is investment and hybrid security?
8. Define risk free rate of return?
9. What are the types of risk?
10. What is the objective of investment?
11. What are the five qualities required for successful investing?
12. What is your view point about Financial Investment?
13. Define the features of preference shares.
14. What are the different kinds of bonds?
15. What are the five characteristics of common stocks?

##### **13-Marks**

1. What are the investor's objectives in investing his funds in the stock market?
2. The investment process involves a series of activities starting from the policy formulation. Discuss.
3. Discuss the factors that differentiate the investor from the speculator and gambler.
4. What is unsystematic risk? Explain the different types of risk involved in investing in stocks.
5. What are the investment alternatives in India?
6. Explain the various choices of investment alternatives available for an investor with moderate risk-taking capabilities.
7. 1) Explain the characteristics of investment in real estate.  
2) Explain the characteristics of investment of Mutual funds?

8. 1) Discuss the various features of mutual funds.  
2) Explain the various mutual funds schemes available for investors.
9. 1) There are so many types of bonds. Explain.  
2) Explain the various types of preference shares.
10. 1) Identify the price of Rs.1000 zero coupon bond with yield to maturity of 18% and 10 years to maturity.  
2) What is YTM of this bond if its price is Rs.220?

## **UNIT-II SECURITIES MARKETS**

### **2-Marks**

1. Who are the participants in financial market?
2. Differentiate between: BSE and NSE
3. How does reverse book building work?
4. List the market participants of the secondary market.
5. What is primary market?
6. What is NSE?
7. Define book building and IPO.
8. What is reverse book building?
9. What are the different types of security markets?
10. What is the meaning of underwriting?
11. What is the role of capital market?
12. What is the meaning of oversubscription?
13. What is the function of SEBI?
14. Define insider trading.
15. What is odd lot?

### **13-Marks**

1. Explain the investors protector measure taken by the regulatory authorities in the primary market.
2. Explain the functions of stock Exchange.
3. "Stock exchanges provide the linkage between the saving in the household sector and the investment in the cooperative sectors". Explain.
4. Discuss the role of the NSE in reforming the stock market in India.
5. What is the different segment of financial market?
6. Explain the role of SEBI in primary and secondary market.
7. Explain in detail about the characteristics of book building and its process.
8. Evaluate the different segments of financial market.
9. Analyse the factors to be taken into account when an investor decides to invest in the primary market.
10. 1) What are the Objectives of OTCEI?  
2) Explain the features and benefits of OTCEI.

### **UNIT-III FUNDAMENTAL ANALYSIS**

#### **2-Marks**

1. What is fundamental analysis?
2. What is SWOT analysis?
3. How is economic growth related to stock prices?
4. How is the competitive position of a company within an industry determined?
5. What is industry lifecycle analysis?
6. How economic forecasting is done.
7. What is the meaning of economic analysis?
8. Define value vs growth investing?
9. What is the use of ratio analysis?
10. Define intrinsic value of a share.
11. How to classify industry according to business cycle.
12. Explain the concept of company analysis.
13. What is the meaning of opportunistic building model?
14. What is the significance of ROI in company analysis?
15. What is the importance of P/E ratio?

#### **13-Marks**

1. Discuss the factors considered to be most important in appraising companies in different industries.
2. How do various indicators predict the prospect for investment in stocks?
3. Discuss any four factors considered to be most important in appraising companies in different industries.
4. Explain the factors that have the most significant effect on an industry's earnings.
5. Why is industry analysis considered important? Why should it include the economic analysis?
6. Explain the Graham and Dodd's investor ratios with respect to fundamental analysis.
7. Explain in detail about two commonly used ways of decomposing ROE into its underlying determinant.
8. Explain the ratios calculated by the inverse before making the investments.
9. What are the factors affecting industry analysis?
10. Explain the different stages in industry lifecycle.

### **UNIT-IV TECHNICAL ANALYSIS**

#### **2-Marks**

1. What is RSI?
2. What is an oscillator?
3. What are price charts?
4. How are moving averages useful in studying trends and trend reversals?
5. What is technical analysis?
6. Define MACD
7. What is the theme of technical analysis?
8. What are the three types of trends in stock prices?
9. What is the difference between ROC I and ROC II?
10. Define trend reversal.
11. What is RSI and its usage?
12. Draw and explain a Line chart.
13. Write any two oscillators.
14. Define resistance level of stocks.
15. What are price charts and short sale?

#### **13-Marks**

1. How do volume and breadth of the market indicate the trends of the market?
2. Explain in detail the Dow Theory and how is it used to determine the direction of the stock market.
3. Explain the basic principles and hypothesis of Dow theory.
4. Explain the merits and demerits of technical analysis as a tool of security analysis.
5. 'Chart patterns are helpful in predicting the stock price movement'. Comment.
6. Discuss the various forms of market efficiency.
7. Define RSI? How is it calculated?
8. Explain the various forms of market efficiency and the empirical tests.
9. 1) Explain the concept of random walk theory.  
2) Discuss the implications and limitations.
10. Analyse the weak form of the efficient market hypothesis. Describe the empirical tests used for testing the weak form efficiency.

### **UNIT-V PORTFOLIO MANAGEMENT**

#### **2-Marks**

1. What is portfolio management?
2. What is portfolio revision?
3. Write a note on multi-index models for portfolio analysis.
4. What is equal asset pricing model?
5. What is passive management?
6. What are mutual funds?
7. Define CAPM.
8. What are the criteria for evaluation of portfolio?
9. Define index fund.
10. What is the difference between SML and CML?
11. What is the term AMC?
12. Define formula plans.
13. Define Treynor's index.
14. Define the term Jensen measure.
15. What is diversification?

#### **13-Marks**

1. What is the basic assumption of CAPM? What is the advantage of adopting CAPM model in the portfolio management?
2. Explain the scope and objectives of investment portfolio management.
3. "When an investor is assumed to use riskless lending and borrowing in his investment activity, the shape of the efficient Frontier transforms into a straight line". Illustrate.
4. Portfolio evaluation essentially comprises two functions namely performance measurement and performance evaluation. Discuss
5. Explain the capital assets pricing model.
6. "Mutual fund offers best form of investment". Discuss
7. Explain the concept and process of portfolio analysis.
8. Detail about account on the Markowitz's risk diversification.
9. Draw and explain the "Efficient Frontier".
10. What are the different measures of portfolio performance?