SUBJECT- INVESTING IN STOCK MARKET
COURSE- BCOM(P)
SEMESTER - 4

ASSISGNMENT QUESTIONS

1. "Investment is well grounded and carefully planned speculation." In the light of the above statement, explain and differentiate between investment and speculation. How do they differ from gambling.
2. What do you understand by analysis of financial statements of a company? How can financial statements of companies be used for analysing their performance?
3. a) What is Beta? How does it impact the investment decision of an Investor?
   b) Calculate beta (β) of security T from the following information-

YEAR	1	2	3	4	5	6
SECURITY RETURN	12	10	15	30	6	4
MARKET RETURN	10	8	12	25	4	5

4. Write short notes on any of the three-
   a) Systematic investment plan and Systematic Withdrawal plan
   b) Net Asset Value
   c) Difference between futures and options
   d) Open-ended and Close-ended Funds
   e) Trading of currency derivates
   f) PE ratio and PEG ratio
   g) Difference between bond and equity
5. Following information is available with respect to rate of return of two securities A and B in different economic conditions:

conditions	Probability	Rate of return (%) Security A	Rate of return (%) Security B
Recession	0.20	-0.15	0.20
Normal	0.50	0.20	0.30
Boom	0.30	0.60	0.40

Find out the expected returns, standard deviation and coefficient of variation for these two securities. Which security would you recommend and why?

6. What do you understand by the term investment? What objectives should be kept in mind while investing in securities market?
7. Discuss the process of book building.
8. Explain and illustrate how Profit and Loss Account of a company can be used to analyse financials of a company.
9. Briefly explain some of the basic and advanced interactive charts in stock analysis.

10. The return on securities A and B under different market situations are given below:

Conditions of market	probability	Possible return (A)	Possible return (B)
Bull	0.3	30	18
Normal	0.4	18	15
Bear	0.3	12	12

Find the risk and return associated with the securities. Which security would you prefer and why?

11. Explain the methodologies of CRISIL rankings in the context of mutual funds.
Can these be used to accurately predict future performance of mutual funds?

12. A) What is a mutual fund? Discuss various factors affecting choice of mutual funds.
B) Explain various types of charts used by technical analysis to predict future price behaviour.

13. Write Short note on the following
   a) Dematerialisation
   b) IPO and FPO
   c) Limit order and market order

Marks- 20

Duration- 1 Hr

Attempt any 2 questions

1. a) Two securities X and Y have been shortlisted by an investor. The expected rate of return and probabilities are as follows-

SECURITY X		SECURITY Y	
RETUNS (%)	PROBABILITY	RETUNS (%)	PROBABILITY
40	0.3	50	0.1
20	0.4	60	0.4
0	0.2	10	0.3
-20	0.1	-10	0.2

Find out the expected return and risk for both the securities. Which security should be preferred? (7)

b) Differentiate between Primary market and Secondary market. (3)

2. (a) What are financial derivates? "Future contracts are improved versions of forward contracts". Explain this statement. Distinguish between Forward Contracts and Future Contracts. (5)
   (b) Write short notes on:
      a. MCX
      b. CRISIL (5)

3. Write short notes on- (10)
   a) Modes of Investing
   b) BSE
   c) Commodity Derivatives

MULTIPLE CHOICE QUESTION

1. Which of the following statement is Correct

A) Financial investment is done in tangible physical assets

B) Equity shares are riskier than bonds or debentures

C) Speculation is also a type of Investment

D) direct investment means investment in mutual funds or ETFs

2. If there is an increase in interest rates than the fixed interest rate of the corporate bond will

A) Return to the corporation

B) Decrease in value

C) Remain unchanged

D) Increase in value

3. An investor invests his funds in more than one asset known as a

A) Securities

B) Block of Assets

C) Portfolio

D) None of the above

4. Over the period, investors determine the compound growth rate of an investment by

A) Arithmetic median

B) Arithmetic mean

C) Calculus mean

D) Geometric mean

5. The process by which one choose the securities, derivatives and other assets include in a portfolio is known as _____

A) Portfolio selection

B) Portfolio Revision

C) Portfolio diversification

D) None of these

6. Buying low and selling high, making a large capital gain is associated with _____

A) Investment

B) Speculation

C) Gambling

D) Arbitrage

7. The Rolling settlement period introduces in the stock exchange is _____

A) T + 5 days

B) T + 7 days

C) T + 2 days

D) T + 15 days

8. The investors make their investment decisions purely on the basis of return are

A) Risk Neutral Investors

B) Risk Seeker

C) Risk Averse Investors

D) None of the above

9. EIC Model means _____.

A) economic analysis

B) company analysis

C) technical analysis

D) Fundamental Analysis

10. What is a load fund?

A) Fund charging a fee for entry

B) Fund charging a fee for exit

C) Fund charging a fee for entry and exit

D) None of the above

11. The risk of Slippage arises in-

A) Market order

B) Limit Order

C) Stop loss order

D) None of the above

12. the price at which the most recent transaction in a security gets executed is called_____

A) Bid Price

B) Ask Price

C) Transaction Price

D) Last Traded Price

13. Which of the following ratio is for determining the relative trade-off between the price of a stock, the Earnings per Share and the Company's expected growth.

A) Price Revenue Ratio

B) PEG Ratio

C) Price to Book Value Ratio

D) None of the above

14. Which among the following is not the approach to Security Valuation

A) Market Analysis

B) Fundamental Analysis

C) Efficient Market Hypothesis

D) None of the above

15. Which of the following statement is Incorrect

A) Corporate Governance is an important parameter of company analysis

B) Higher the amount of debt in the capital structure, higher is the degree of financial leverage

C) when the Intrinsic value of a share is less than its market price, it should be bought

D) A lower PEG Ratio means the security is a good 'buy'

16. According to which type of theory in any type of market whether Bullish or Bearish, Three Trends are at work simultaneously.

A) Dow Theory

B) Elliott Wave Theory

C) Both A & B

D) None of the above

17. How many companies are included in SENSEX?

A) 30

B) 50

C) 45

D) None of the above

18. Which of the following statement is Correct

A) Exchanges in India follow non-screen based and non-automated trading system till date

B) Rolling Settlement has increased the trading cycle.

C) Only stock index options and futures are available in the derivatives market in India

D) CNX Dividend Opportunity Index is a strategy-based Index.

19. Which of the following is called ownership capital?

A) Bonds

B) Equity

C) Derivatives

D) Mutual Funds

20. Which of the following statement is Incorrect

A) Average return can be calculated using arithmetic return and geometric return.

B) Beta is the indicator of Systematic Risk

C) Systematic risk is non-diversifiable

D) Financial risk is the component of Systematic risk