7. (a) Write a note on the contract specifications in case of options. Discuss the process of trading of options. 5+6=11

Or

(b) Differentiate between an option and a future. What are the essential specifications of a future contract? Explain. 5+6=11

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Total No. of Printed Pages—4

4 SEM TDC SAPM 4 (Sp)

2 0 1 4

(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 (in *one* sentence only)? 1×8=8

   (a) Investment

   (b) Diversification

   (c) Arbitrage

   (d) Risk

   (e) Option

(f) Market timing

(g) Convertible securities

(h) Portfolio

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

(a) Future market

(b) Factor models

(c) Fundamental analysis

(d) Fixed securities

3. (a) Discuss the different avenues available to an investor for making investments. 11

Or

(b) What do you mean by technical analysis? Differentiate between technical analysis and fundamental analysis. 4+7=11

4. (a) How can risk of an asset be calculated? Write a note on the diversification of risk. 2+10=12

Or

(b) What do you understand by Portfolio Management? Write a note on the time value of money. 4+8=12

5. (a) Discuss in detail the capital asset pricing model. 11

Or

(b) Compare and contrast between capital market line and security market line.

6. (a) What are the differences between Sharpe's and Treynor's measures of portfolio performance? Explain with a suitable example. 11

Or

(b) Determine the Treynor's and Jensen's measures of portfolio performance from the given information :

Average rate of return on market portfolio	18%
Average rate of return on this portfolio	19%
Average risk-free rate of return	12%
Standard deviation of this portfolio	14%
Beta of portfolio under consideration	0·95