

**MASTER OF BUSINESS ADMINISTRATION
(MBAEV)
Term-End Examination**

June, 2014

**MCNE-039 : SECURITY ANALYSIS AND INVESTMENT
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

Note 1: Attempt any (five) questions. All Questions carry equal marks.

1. What is liquidity, and why is it so important to the efficient operation of securities markets? 20

2. (a) What is the relationship between industry analysis and company analysis? 10+10=20

(b) Differentiate between trend analysis and regression analysis.

3. Write the significance of portfolio management in the banking business. Explain the concept of 'Accommodation Principle' and 'Profit maximisation Principle' with reference to portfolio behaviour of commercial banks. 20

4. (a) What variables have been found to be useful in explaining P/E ratios? 10+10=20

- (b) Distinguish between a perfect hedge and a cross hedge.
5. What is liquidity risk and operational risk? Explain with suitable examples. How can risk management process control the credit risk, interest risk and liquidity risk? 20
6. Longer-term currency options are becoming more popular for hedging exchange rate risk. Why do you think some firms decide to hedge by using other techniques instead of purchasing long-term currency options? 20
7. What is technical analysis? Differentiate between technical and fundamental analysis 20
8. Write short notes on **any four** of the following: 4X5=20
- (i) Equity investment strategies
 - (ii) Payout ratio
 - (iii) Return trade off
 - (iv) The Sharpe Index Method in portfolio Analysis
 - (v) Earnings coverage ratio
 - (vi) Credit balance theory
