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K-3550

Third Year B. B. A. (Sem. VI) Examination

September / October – 2012

Stock Exchange & Portfolio Management

Time : Hours] [Total Marks : **70**

Instruction :

નીચે દર્શાવેલ ☛ નિશાનીવાળી વિગતો ઉત્તરવહી પર અવશ્ય લખવી.
Fillup strictly the details of ☛ signs on your answer book.

Name of the Examination :

☛ **Third Year B. B. A. (Sem. 6)**

Name of the Subject :

☛ **Stock Exchange & Portfolio Management**

☛ Subject Code No. : **3 5 5 0** ☛ Section No. (1, 2,.....) : **Nil**

Seat No. :

Student's Signature

1 Explain the following terms : (any **seven**) **14**

(a) Group A, B and C shares.
(b) Alpha and Beta.
(c) Genuine and Speculative trading.
(d) Long purchase and short selling.
(e) Prospectus and Initial Public Offer.
(f) Backwardation charges and circuit breaker.
(g) Lame Duck and Wolf.
(h) Opening price and closing price.

2 (a) What is Capital Market ? Discuss its importance. **6**

(b) Explain different methods of floating new issue. **6**

OR

2 (a) Draw the structure of Indian Capital Market and discuss the benefits of capital market for investors. **6**

(b) What is underwriting ? List the advantages of underwriting. Explain different methods of underwriting. **6**

3 (a) Explain profit potential of put and call options. **6**

(b) Write a short note on National Securities Depository Ltd. **6**

OR

3 (a) Explain the various types of options. **6**

(b) What is a depository ? What are the basic services offered by a depository ? **6**

4 (a) What are the major features of National Stock Exchange ? Explain briefly. **6**

(b) Explain margin trading with the help of an example. **8**

OR

4 (a) Write the advantages of OTCEI for companies and investors. **6**

(b) Explain the various types of speculators. **8**

5 Attempt any **three** : **18**

(a) Diversification helps in reducing risk. Explain. Also briefly write the methods of diversification.

(b) Discuss in detail the phases of portfolio management.

(c) With the help of sharpe model calculate the weights of following securities for optimum portfolio, if risk free return is 8%.

Security	Expected Return (R_i)	Beta (B_{im})	$\sigma^2 ei$	C_i
A	20	1	40	2.769
B	16	1	35	3.852
C	14	0.8	25	4.414
D	17	1.6	30	4.836
E	18	2.5	35	4.481
F	15	2	35	4.276
G	12	1.5	30	4.155
H	10	1.2	15	3.814