SII NSTITUTE OF ENGINEERING & TECHNOLOGY :: PUTTUR
Siddharth Nagar, Narayanavanam Road – 517583

QUESTION BANK (DESCRIPTIVE)

Subject with Code :SAPM (16MB720)Course & Branch: MBA

Year &Sem: II-MBA & III-Sem**Regulation:** R16

UNIT-I

1. Define Investment. Explain the process the investment process.

2. Explain nature and objectives of Investment.

3. What is "new issue Market "? How does it differ from "Secondary Market "? Are they connected to each other?

4. State and explain the objectives of investment activity.

5. Describe briefly the important investment avenues available to savers in India.

6. What are the characteristics that an investor would like to have in an investment option? Explain each of these characteristics.

7. What are the key differences between an investor and a speculator?

8. Give detailed comparison among investment, speculation and hedging with suitable example

9. Discuss the structure and function of financial markets.

10. Explain the trading system/ mechanism in stock exchange.

UNIT-II

1. Describe the relationship between Fundamental Analysis and Technical Analysis.

2. Explain the Technical analysis. Write the significance of Dow Theory.

3. What is fundamental analysis? Explain the process of fundamental analysis.

4. What is security analysis? Explain the process of conducting Fundamental analysis.

5. Describe the key economic factors than an investor must monitor as part of his fundamental analysis.

6. Describe the formation of bullish trend and bearish trend in the market.

7." Fundamental analysis provides an analytical framework for rational investment decision making." Explain.

8. What is company analysis? Explain how financial ratios can be used to determine the strengths and weakness of a company.

9. Describe the various characteristics of an industry that an analyst must consider while doing industry analysis.

10. Technical analysis believes that an investor past price changes to predict the future prices. How do they justify this belief?

UNIT-III

1. What is ‘ Yield to maturity’? How is it calculated?

2. “Bond prices vary inversely with changes in market interest rates”. Explain with examples.

3. Write short notes on:

    (a) Coupon rate

    (b) Yield to call

    (c) Zero coupon bond

    (d) Default risk of a bond

4. What is spot interest rate? Illustrate with an example.

5. What is interest rate risk of a bond? Explain how the risk arises.

6. What is meant by the duration of the bond? Explain its significance.

7. What are the basic valuation models of bonds? How do you calculate ‘Yield’ on bonds?

8. A person own a rupees thousand face value bond with five years to maturity. The bond makes annual interest payments of Rs.80. the bond is currently priced at Rs. 960. Given the market interest rate 10%. Should the investor hold or sell the bond”?

9. A bond of Rs.1000 was issued five years ago at a coupon rate of 6%. The bond had a maturity period of 10 years and as of today, therefore, five more years are left for final repayment at par. The market interest rate currently is 10 %. Determine the value of the bond.

10. Assume an Rs.1000 per value bond with 8.5 per cent coupon rate and a maturity period of 6 years. Determine the duration of the bond, if the current market interest rate is 10 percent.

UNIT-IV

1. Explain the concept of ‘Present value’. Write its significance.

2. Explain Gordon’s share valuation model with suitable illustration. What are the advantages of this model?

3. Illustrate the two- stage growth model of share valuation with an example.

4. How would you determine the discount rate to be applied in the present value models of share valuation?

5. How would you estimate the intrinsic value of a share which is to be held for one year?

6. Explain the significance of the earning dividend payout and required rate of return in estimating the theoretical value of the stock.

7. What is the difference between active equity management and passive equity management?

8. Explain the various models of common stock valuation?

9. What do you mean by Valuation? Explain briefly different equity evaluation models.

10. An IT company currently pays a dividend of Rs.5 per share on its equity shares. The dividend is expected to grow at 6 per cent per year indefinitely. Stocks with similar risk currently are priced to provide a 12 percent expected return. What is the intrinsic value of the stock?

UNIT-V

1. Explain the sharp index model. How does it differ from the Markowitz model?

2. Describe the different phases in portfolio management.

3. “Portfolio evaluation provides a feedback mechanism for improving the entire portfolio management process”? Explain.

4. Discuss the Markowitz theory of portfolio selection. How Markowitz theory does helps in planning investor’s portfolio.

5. What is meant by Portfolio revision? Describe the major constraints in portfolio selection.

6. Compare and contrast constant rupee value plan and constant ratio plan.

7.” CAPM can be used to evaluate the pricing of securities”. Discuss.

8. What is the difference between Sharpe’s and Tremor’s model of portfolio performance? Discuss in detail.

9. Define Portfolio. Explain the various steps thus involved in portfolio management process.

10. Compare and contrast Capital Market line and Securities Market line.