B.V. Patel Institute of Business Management, Computer & Information Technology
Uka Tarsadia University
2nd Internal Examination, MCOM 1st Semester
(040170111) Investment Analysis

Marks: 50

Date:12/10/2017   **Time: 2 hrs.**

Q-1 Answer the following. (Any Eight)   [16]

1. What is meant by company analysis?

2. Briefly explain EPS and Diluted EPS.

3. List hypothesis under the Dow theory.

4. State the assumptions of technical analysis.

5. What is meant by support level and resistance level?

6. List the significance of volume.

7. What are the most common constraints of investors under the portfolio construction?

8. List features of risk free assets.

9. What is meant by security market line?

Q-2 Answer the following. (Any Two)   [20]

1. A financial analyst is analyzing two investment alternatives stock Z and stock Y. The estimate rates of return and their chances of occurrence for the next are given below.

Probability of occurrence	Rate of return (%) Y	Rate of return (%) Z
0.20	22	5
0.60	14	15
0.20	-4	25

   1. Calculate following
   - a. Determine expected rates of return, Variance and standard deviation of Y and Z.
   - b. Is Y comparatively riskless?
   - c. If the financial analyst wishes to half to invest in Z and another half invest in Y, would it reduce the risk?

   2. Discuss the three constraint consider while constructing portfolio.

2. The following information of securities for find out the optimum portfolio.

Security Number	Mean return	Beta	Unsystematic risk
1	19	1.0	20
2	23	1.5	30
3	11	0.5	10
4	25	2.0	40
5	13	1.0	20
6	9	0.5	50
7	14	1.5	30

The risk-free rate of interest is 5 per cent, and the market variance is 10. Determine the optimal portfolio.

3. Describe part of candlestick chart body. Explain different kinds of candlestick

chart in technical analysis.

Q-3 Answer the following in detail. (Any Two) [14]

1. How technical analysis is different from fundamental analysis? Explain the triangles formation charts patterns in technical analysis with help of diagram.

2. Stock s A and B have yield the following return for the past two years.

Years	Return (%) A	Return (%) B
2014	15	11
2015	14	13

1. Calculate following
    a. What is the expected return on the portfolio made up to 60 % of A and 40% of B?
    b. Find out the Standard deviation of each stock.
    c. What is the covariance and covariance and co-efficient of correlation between stocks A and B?
    d. What is the portfolio risk of the portfolio made up of 60% of A and 40% of B.

3. Explain qualitative factors of that affecting value of company share. in detail