

Name:
Enrolment No:



UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM & ENERGY STUDIES

End Semester Examination (Online) – July, 2020

Program: B.Com-H, B.Com (BM&I) & B.Com(Taxation)
Subject/Course: Investment in Stock Markets
Course Code: FINC-1006

Semester: II
Max. Marks: 100
Duration: 3 Hours

IMPORTANT INSTRUCTIONS

1. The student must write his/her name and enrolment no. in the space designated above.
2. The questions have to be answered in this MS Word document.
3. After attempting the questions in this document, the student has to upload this MS Word document on Blackboard.

| | | Marks | COs | | | | | | | | | | | | | | |
|-----------|---|-----------|---------|--------------|--|-----------|---------|---------|-------|------|------|----------|-------|------|------|--|---|
| Q.1 | Discuss the finance function and the role of capital market in supporting the finance function of business organizations. | 20 | 1 | | | | | | | | | | | | | | |
| Q.2 | Discuss how trends, support levels, resistance levels, breakouts, investor's remorse, head & shoulders and Double tops and bottoms play an important role for make investment decisions in a stock market. | 20 | 2 | | | | | | | | | | | | | | |
| Q.3 | Discuss the role of securitization in proving liquidity in the money market. | 20 | 3 | | | | | | | | | | | | | | |
| Q.4 | Discuss the various types of markets and their characteristics as per EMH. | 20 | 4 | | | | | | | | | | | | | | |
| Q.5 | <p>A stock trader intends to purchase a share between two alternative pharmaceutical shares available to him i.e. Ranbaxy and Glaxo. The trader intends to apply Capital Asset Pricing Model (CAPM) to make the decision. The Stock index and the share prices for the last year is given as below:</p> <table border="1"><thead><tr><th rowspan="2">Month End</th><th rowspan="2">SENSEX</th><th colspan="2">Share Prices</th></tr><tr><th>(Ranbaxy)</th><th>(Glaxo)</th></tr></thead><tbody><tr><td>January</td><td>26340</td><td>1465</td><td>1203</td></tr><tr><td>February</td><td>26436</td><td>1453</td><td>1126</td></tr></tbody></table> | Month End | SENSEX | Share Prices | | (Ranbaxy) | (Glaxo) | January | 26340 | 1465 | 1203 | February | 26436 | 1453 | 1126 | | 5 |
| Month End | SENSEX | | | Share Prices | | | | | | | | | | | | | |
| | | (Ranbaxy) | (Glaxo) | | | | | | | | | | | | | | |
| January | 26340 | 1465 | 1203 | | | | | | | | | | | | | | |
| February | 26436 | 1453 | 1126 | | | | | | | | | | | | | | |

| | | | |
|-----------|-------|------|------|
| March | 26541 | 1550 | 1189 |
| April | 26643 | 1590 | 1321 |
| May | 26567 | 1552 | 1332 |
| June | 26570 | 1502 | 1143 |
| July | 26542 | 1450 | 1267 |
| August | 26436 | 1472 | 1123 |
| September | 26402 | 1567 | 1201 |
| October | 26578 | 1423 | 1154 |
| November | 26696 | 1462 | 1132 |
| December | 26734 | 1420 | 1254 |

The market rate of return is 28 % and the risk free rate of return is 10 %.
Suggest which share needs to be purchased by the investor and why?

ANSWERS