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X IFM AUGUST ASSIGNMENT ANSWER KEY

CHAPTER 4 Secondary Market

1Ans: Convertible

2Ans:©SBTS

3Ans: National Exchange for Automated Trading

4Ans: A portfolio is a combination of different investment assets mixed and matched for the purpose of achieving and investors goals.

5Ans: Bid is the buyer's price.It is this price that you need to know when you have to sell a stock. Bid is the rate at which there is ready buyer for the stock, which you intend to sell .The best bud is the order will the highest price.

6Ans: **Growth Stocks**:companies whose potential for growth in sales and earnings are excellent are growing faster than other companies in the market are called the growth stocks.

Value Stocks: Stocks that have been overlooked by other investors and which may have a hidden value. These companies may have been beaten down in price because of some bad event or maybe in an industry that is not fancied by many investors.

7Ans: In order to provide efficiency, liquidity and transparency NSE introduce our nationwide online fully automatic screen based trading system where a member can punch into the computer the quantities of a security and the price at which he would like to transact and the transaction is executed as soon as the matching sale or buy order from a counter parties found.

8Ans: There are three main segments in the debt markets in India :

Government securities : Government securities comprises the centre ,state and State sponsored securities.In the recent past local bodies such as municipalities have also begun to tap the best markets for funds

Public Sector Units bonds: The PSU bonds are tax free while most bonds including government securities are not tax free

Corporate securities: corporate Bond markets comprise of commercial paper and bonds

9Ans: Broadly they are two factors:

Stock specific: the stock specific factor is related to people's expectations about the company, its future earning capacity ,financial health and management, level of technology and marketing skills.

Market Specific: The market specific factor is influenced by the investor sentiments towards the stock market as a whole. This factor depends on the environment rather than the performance of any particular company .Events favourable to an economy political or regulatory environment like high economic growth, friendly budget, stable government etc.can fuel excitement in the investors resulting in a boom in the market. On the other hand unfavorable events like war, economic crisis,communal riots,minority government etc.can depress the market irrespective of certain companies performing well.