

Code: 9E00306a

MBA III Semester Supplementary Examinations November/December 2017

INVESTMENT & PORTFOLIO MANAGEMENT

(For students admitted in 2013 only)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 (a) Distinguish carefully between investing and speculating.
(b) Is it possible to incorporate investment & speculation within the same security? Explain.
- 2 (a) Why do companies issue shares in the primary market?
(b) What is the relationship between the new issue market and the secondary market?
- 3 What are the methods adopted to analyze the financial statements of a company?
- 4 Explain in detail the Dow theory and how is it used to determine the direction of the stock market.
- 5 Anup wants to purchase the stocks of company A and B. He estimates the return and probabilities of return by analyzing the past records. With the details given below, find out the expected return. Advise Anup on to which stock is better to purchase.

Return		Probability
A	B	
8%	-2%	0.15
10%	6%	0.20
12%	10%	0.30
13%	15%	0.20
14%	20%	0.15

- 6 The returns on securities A and B are given below:

Probability	Security A	Security B
0.50	4	0
0.40	2	3
0.10	0	3

Give the security of your preference. The security has to be selected on the basis of return and risk.

- 7 What is meant by duration? Explain the relationship between duration and price change.
- 8 Explain the sharp index model. How does it differ from the Markowitz model?
