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Subjt Code: R16MBA304F1

MBA - III Semester Regular and Supplementary Examinations, November-2018.

INVESTMENT AND PORTFOLIO MANAGEMENT

Time: 3 hours   Max Marks: 60

Question Paper Consists of **Part-A** and **Part-B**.
Answering the question in **Part-A** is Compulsory & Four Questions should be answered from Part-B
All questions carry equal marks of 12.

PART-A (CASE STUDY)

1 X 1? = 12

1. An investor wants you to analyse the following two surities by providing the following information

State of Nature	Probability	Return on ABC Stock	Return on PQR Stock
1	0.1	5%	0%
2	0.3	10%	8%
3	0.5	15%	18%
4	0.1	20%	26%

(a) What is standard deviation of return on stock ABC and PQR

(b) What is the covariance between the returns of surities ABC and PQR

(c) What is the coefficient of correlation between the returns on surities ABC and PQR

PART-B

4X 12 = 48

2. (a) Define Investment. Name the factors to be considered in investment dision

   (b) Distinguish between Investment, Spulation, Gambling?

3. (a) What is fundamental analysis . What are the objtives and believes of fundamental analysis

   (b) What is thnical analysis Explain the popular charts used by thnical analysts

4. (a) The Market price of a Rs 1000 par value bond carrying a coupon rate of 14% and maturing after 5 years is Rs 1050. What is yield to maturity of the bond (YTM)?

   (b) Define bond duration. Discuss in brief the active and passive strategies for managing a bond portfolio

5. (a) Discuss the single period and multi period models of equity valuation

   (b) Describe book value liquidation value replacement cost of equity valuation. How useful are they?

6. (a) Monthly return data (%) is given below for HSBC stock and BSE index for a 12 month period . calculate beta of RIL

Month	HSBC return (%)	BSE INDEX (%)
1	9.43	7.41
2	0.00	-5.33
3	-4.31	-7.35
4	-18.92	-14.64
5	-6.67	1.58
6	26.57	15.19
7	20.00	5.11
8	2.93	0.76
9	5.25	-0.97
10	21.45	10.44
11	23.13	17.47
12	32.83	20.15

The risk and return of 2 surities A and B is given below

	Surity X	Surity Y
Expted return	15 %	20%
risk	8%	11%

An investor plans to invest 60% of his funds in surity X and 40% in surity Y. calculate return and risk of portfolio if coefficient of correlation of returns of two surities is -1.

7. (a) What is NAV? Explain entry and exit loads of mutual funds? What are open ended schemes?

   (b) Explain in detail any three types of measures to evaluate the performance of mutual funds?

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