Code No: 4567

FACULTY OF MANAGEMENT

M.B.A. IV – Semester (CBCS) Examination, May / June 2018

Subject: Investment Management

Paper – MB – 404 – I
(Elective – III – Finance)

Time: 3 Hours **Max.Marks: 80**

Note: Answer all the questions from Part-A and Part-B.
Each question carries 4 marks in Part-A and 12 marks in Part-B.

PART – A (5x4 = 20 Marks)
[Short Answer Type]

1 State and investment decision process

2 What are features of debt instruments and state its types?

3 State the uses of Security Market Indexes.

4 How to determine portfolio return and risk?

5 State types of mutual funds.

PART – B (5x12 = 60 Marks)
[Essay Answer Type]

6 a) Discuss the factors influencing for investment decision for a rationale investor.

OR

b) Explain the elements in fundamental analysis.

7 a) The ex-ante returns on a fund are estimated as below.

%Returns	11.23	14.64	13.21	9.86	10.11	9.56
Probability	0.1	0.1	0.1	0.2	0.3	0.2

You are required to find the return and risk of the fund.

OR

b) Consider a bond selling at a par value of Rs. 1,000 with 7 years to maturity and 8% coupon payment, If the yield to maturity is 9% find the duration of bond when the coupon are paid annually and semi-annually?

8 a) The latest dividend paid on an equity share is Rs.3.45 per share these dividends have been growing at a constant rate of 6.7% per annum and are likely to grow at this rate till long discount future. The required rate of return is 11.12%. You are required to find its intrinsic value today, after two years and after 5 years.

OR

b) Mr. Ashok wants to purchase a stock and hold on it for 5 years. He estimates that Rs. 4 dividend would be paid by the company for the next five years. He hopes to sell the shares at Rs. 60 at the end of the fifth year. His required rate of return is 10%. What is the present price?

..2

9 a) Explain the assumptions and applicability capital asset pricing model in portfolio selection.

OR

b) Assume your self as a portfolio manager and with the help of the following details, state the securities that are over priced or under priced in terms of the security market line.

Security	Expected Return	Beta	Standard Deviation
A	0.33	1.7	0.50
B	0.13	1.4	0.35
C	0.26	1.1	0.40
D	0.12	0.95	0.24
E	0.21	1.05	0.28
F	0.14	0.70	0.18
Nifty Index	0.13	1.00	0.20
T-Bills	0.09	0.00	0.00

10 a) Discuss the problems and prospects of Mutual Fund Investments in India.

OR

b) With the following details evaluate the performance of the different funds by using Sharpe, Treynor and Jensen methods with Rf = 5%.

Funds	Return	Standard Deviation	Beta
A	2	20	0.98
B	12	18	0.97
C	8	22	1.17
D	9	24	1.22
Market	10	20	1.00

****