

Code: 12E01306b

MBA III Semester Regular Examinations April 2014
INVESTMENT AND PORTFOLIO MANAGEMENT

(For students of Finance admitted in 2012 only)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Explain objectives of investment and elucidate the differences between gambling and investing.
- 2 Explain the role of stock exchanges in capital markets in India.
- 3 Write an essay on fundamental analysis of stocks in India.
- 4 What is technical analysis? What are the various theories in technical analysis?
- 5 Define and explain the following:
 - (a) Revenue return.
 - (b) Capital appreciation.
 - (c) Holding period.
 - (d) Probability distribution.
- 6 The return on two securities X and Z are given below; select the security according to risk and return.

Return on security X (%)	Return on security Y (%)	Probability
10	40	0.3
14	16	0.5
20	20	0.2

- 7 Ram is considering the purchase of a bond currently selling at Rs. 958.70/-. The bond has four years to maturity, face value of Rs. 1000/- and 8% coupon rate. The next annual interest payment is due after one year from today. The required rate of return is 10%.
 - (a) Calculate the intrinsic value of the bond. Should Ram buy the bond?
 - (b) Calculate the yield to maturity.
- 8 Nithya firm is trying to decide two out of four investment funds. From past performance, they were able to calculate the following average returns and standard deviations of these funds. The current risk free rate of interest is 9%.

	Alpha fund	Vinu fund	Meenu fund	Arvind fund
Average return	17	18	16	14
Standard deviation	19	20	13	12
