

INVESTMENT & PORTFOLIO MANAGEMENT

(For students admitted in 2013, 2014, 2015 & 2016 only)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Discuss about the current investment setting in India.
- 2 Write the functions of the new issue market and secondary market. Explain the trading mechanisms in stock exchanges in India.
- 3 Differentiate between economic, industry and company analysis models.
- 4 Explain the merits & demerits of technical analysis as a tool of security analysis.
- 5 Calculate the expected return and the standard deviation of returns for a stock having the following probability distribution of returns.

Possible returns (%)	-25	-10	0	15	20	30	35
Probability of occurrence	0.05	0.10	0.10	0.15	0.25	0.20	0.15

- 6 (a) What is risk-free asset and what are its risk-return characteristics?
- (b) Calculate the expected return for each of the following stocks, when risk-free rate of return is 0.08 and you request the market return to be 0.14.

Stock	Beta
A	1.72
B	1.14
C	0.76
D	0.44
E	0.03
F	-0.79

- 7 Write a detailed note regarding the dividend discount models of common stock valuation.
- 8 Define Markowitz diversification. Explain statistical method used by Markowitz to obtain the risk reducing benefit.
