

Code: 12E01306b

MBA (Finance) III Semester Supplementary Examinations May 2018

INVESTMENT & PORTFOLIO MANAGEMENT

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

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 "The investment process involves a series of activities starting from the policy formulation" – Discuss.
- 2 What are the functions and types of securities in new issue market?
- 3 Why is industry analysis important and why should it follow the economic analysis?
- 4 What is meant by fundamental analysis? How does fundamental analysis differ from technical analysis?
- 5 Stocks L and M have yielded the following returns for the past two years.

Years	Return (%)	
	L	M
2011	12	14
2012	18	12

- (i) What is the expected return on a portfolio made up of 60 percent of L and 40 percent of M?
 - (ii) Find out the standard deviation of each stock.
 - (iii) What is the covariance and coefficient of correlation between stocks L and M?
- 6 How the investor can protect himself from the different types of risks in the stock market?
- 7 State the reasons for the Treynor and Sharpe indices giving conflicting performance ranking.
- 8 What are the basic assumptions of CAPM? What are the advantages of adopting the CAPM model in portfolio management?
