

MBA III Semester Supplementary Examinations May 2018

**INVESTMENT & PORTFOLIO MANAGEMENT**

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

Time: 3 hours

Max. Marks: 60

**PART – A**

(Answer the following: (05 X 10 = 50 Marks))

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- 1 What are different investment alternatives and attributes?  
**OR**
- 2 Explain the economic and financial meaning of investment and differentiate investor from speculator.
- 3 The fundamental analysis is always useful to prospective investors. Discuss.  
**OR**
- 4 Differentiate between industry and company analysis.
- 5 Determine portfolio risk if  $w_a = 30$ ,  $w_b = 70$ ,  $SD_a = 25$ ,  $SD_b = 30$ , if  $R_{ab} = + 0.80$ ;  $0.00$ ;  $- 0.90$ .  
**OR**
- 6 How is beta derived from a security model? Why are high beta securities termed aggressive and low beta securities defensive?
- 7 The market price of a bond with maturity of five years is Rs.1050/- its par value is Rs.1000/- and coupon rate is 14%? What is the YTM of this bond?  
**OR**
- 8 Explain the Gordon's share valuation model with suitable example, what are the advantages of this model.
- 9 Bring out the significance of MPT in portfolio management.  
**OR**
- 10 Compare and contrast CAPM and APT. Which of the two is a better model?

**PART – B**

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case Study:**

Mr.RKV invested in equity shares of Wipro limited, its anticipated returns and associated probabilities are given below:

Return (%)	Probability
-15	0.05
-10	0.10
5	0.15
10	0.25
15	0.30
20	0.10
30	0.05

You are required to calculate: (i) The expected rate of return. (ii) Risk in terms of SD.

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