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December, 2019
MBA - III SEMESTER
Investment Analysis and Portfolio Management
(MB/FM216)

Time : 3 Hours]

[Max. Marks : 75

Instructions :

1. *It is compulsory to answer all the questions (1.5 marks each) of Part-A in short.*

2. *Answer any four questions from Part-B in detail.*

3. *Different sub-parts of a question are to be attempted adjacent to each other.*

PART - A

1.   (a) Investment and speculation are somewhat different and yet similar in certain respects. Explain.   (1.5)

        (b) Explain notion of dominance.   (1.5)

        (c) How does volume of the market indicate the trend of the market?   (1.5)

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(d) How does management of a company affect its stock price? (1.5)

(e) What is the difference between traditional approach and the modern approach to portfolio construction? (1.5)

(f) Write a short note on portfolio revision? (1.5)

(g) Stocks X and Y display the following returns over the past three years:

Year	Return of X	Return of Y
2017	14	12
2018	16	18
2019	20	15

What is the expected return on a portfolio made up of 40% of X and 60% of Y. (1.5)

(h) What is meant by levered portfolio? (1.5)

(i) What is diversification? Can it reduce unsystematic risk? (1.5)

(j) Write a short note on valuation of debt. (1.5)

PART - B

2. (a) 'The investment process involves a series of activities starting from the policy formulation.' Discuss. (10)

(b) The return on securities A and B are given below :

Probability	Security A	Security B
0.5	4	0
0.4	2	3
0.1	0	3

Give the security of your preference. (5)

3. (a) Explain in detail the Dow theory. How is it used to determine the direction of stock market? (5)

(b) Define Risk and distinguish between systematic and unsystematic risk. (10)

4. What is the difference between fundamental analysis and technical analysis? Explain fundamental analysis in detail. (15)

5. (a) Define the various forms of market efficiency. What do they have in common? (5)

(b) Distinguish between Treynor and Sharpe indices of portfolio performances. Which do you recommend? (10)

6. (a) Distinguish between security market line and capital market line? (5)

(b) Explain the Sharpe Index model. How does it is differ from the Markowitz model? (10)

7. Define Markowitz diversification. Explain the statistical method used by Markowitz to reduce risks. (15)

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