(a) What is the expected return on portfolio made up of 40 per cent of X and 60 per cent of Y? (3)

(b) What is the standard deviation of each stock? (4)

(c) Determine the correlation co-efficient of stock X and Y. (4)

(d) What is the portfolio risk of a portfolio made up of 40 per cent X and 60 per cent-Y? (4)

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December 2022

MBA (Executive) - III SEMESTER

Investment Analysis and Portfolio Management

(MBA-E-FM-216)

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) Why people do the investment? (1.5)

(b) Write the steps of investment in brief. (1.5)

(c) What is notion of dominance? (1.5)

(d) What is an efficient market? (1.5)

(e) Write the name of any four indicator of economic analysis. (1.5)

(f) What is the advantage of making portfolio? (1.5)

(g) Which kind of risk can be minimized with diversification and why? (1.5)

(h) What do you mean by Markowitz efficient frontier?

(i) Explain week.form of market. (1.5)

(j) What is the difference between investment and gambling? (1.5)

PART-B

2. (a) What is the difference between systematic risk and unsystematic risk? Explain various types of risk in detail. (10)

   (b) Ann's bond portfolio manager advises her to buy a 7 years, Rs. 5,000 face value bond that gives 8 per cent annual coupon payments. The appropriate discount rate is 9 per cent. The bond is currently selling at Rs. 4,700. Should Ann adhere to the manager's advice? (PV1FA 9%, 7 years = 5.033, PVIF 9%, 7 years = 0.547) (5)

3. (a) Explain any *one* method of portfolio evaluation with example. (5)

   (b) Explain any *one* technique of portfolio revision with example. (5)

   (c) What is the difference between security market line and capital market line? (5)

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

5. (a) "If the market is efficient, prices reflect all relevant information and there are no mispriced securities. Since assets are never undervalued or overvalued, it is impossible for investors to lose money in an efficient market." Explain why this statement is not correct. (5)

   (b) What is the difference between traditional and modern approach of portfolio construction? Explain modern approach of portfolio construction in detail. (10)

6. (a) What is the difference between Sharpe model and Markowitz model? How risk and return of portfolio is calculated with help of Sharpe model? (10)

   (b) Explain Arbitrage Pricing model in detail. (5)

7. Stocks X and Y display the following returns over the past three years :

Year	Return	
	X	Y
1994	14	12
1995	16	18
1996	20	15