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**December 2022**

**MBA - III SEMESTER**

**Investment Analysis and Portfolio Management**

**(MS-FM-214)**

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) What are the objectives of investment? (1.5)

(b) How investment is different from speculation? (1.5)

(c) What is beta? (1.5)

(d) Distinguish between security market line and capital market line. (1.5)

(e) What is diversification? (1.5)

(f) What are the advantages of making portfolio? (1.5)

(g) Write a short note on Markowitz efficient frontier. (1.5)

(h) Explain support and resistance level. (1.5)

(i) What are the different types of systematic risk? (1.5)

(j) How systematic risk is different from unsystematic risk? (1.5)

## PART-B

2. (a) A stock costing Rs. 50 pays no dividend. The possible prices of the stock at the end of year and their probabilities are given below. (10)

| End of year price | Probability |
|---|---|
| 60 | 0.1 |
| 65 | 0.2 |
| 70 | 0.4 |
| 75 | 0.2 |
| 80 | 0.1 |

(i) Find out the expected return.

(ii) Find out the standard deviation of the returns.

(b) Explain the process of investment. (5)

3. (a) Differentiate between fundamental analysis and technical analysis. (5)



(b) Arun has made some forecast regarding Jasmine Company's dividend and price. According to him, the company will pay a dividend of Rs. 3 per share in the future and at the end of five years holding period the stock could be sold at Rs. 80. His required rate of return is 12 per cent per annum. What should be the price of the Jasmine stock? (10)

4. What is technical analysis? Explain in detail the Dow theory and how it is used to determine the direction of the stock market. (15)

5. (a) What are the steps involved in the traditional approach to portfolio construction? (5)

(b) Define the various forms of market efficiency. What do they have in common? (10)

6. (a) Explain the Sharpe's Index model. How does it differ from Markowitz model? (10)

(b) What are the basic assumptions of CAPM? What are the advantages of adopting the CAPM model in portfolio management? (5)

7. Explain the nature of a portfolio risk according to Markowitz model with an example if two securities are :

(a) perfectly positively correlated.

(b) perfectly negatively correlated.

(c) have zero correlation. (15)