USN | | | | | | | | | | Course Code | 2 1 M B A F M 3 0 2

Third Semester MBA Degree Examinations, April 2023
INVESTMENT MANAGEMENT

Duration: 3 hrs   **Max. Marks: 100**

Note: *1. Answer any* **FOUR** *full questions from Question No. 1 to 7.*
       2. Question No. 8 is compulsory
       3. Missing data, if any, may be suitably assumed

Q. No		*Question*	*Marks*	*(RBTL:CO:PO)*
1.	**a.**	Define equity share.	**03**	(1 :3 : 1)
	b.	Classify the key difference between an investor and a speculator.	**07**	(2 :1 : 2)
	c.	Discuss concept of mutual fund. Also explain its types, advantages and disadvantages.	**10**	(2 :1 : 1)
2.	**a.**	What does portfolio revision entails?	**03**	(1 :4 : 2)
	b.	Explain the various types of charts in technical analysis with neat diagram with interpretation.	**07**	(2 :3 : 2)
	c.	Explain the EIC framework commonly employed by investment analyst to estimate the intrinsic value of a share.	**10**	(2 :3 : 4)
3.	**a.**	Define security form and non-security form of investment with example.	**03**	(1 :1 : 1)
	b.	What are the key features of National Stock Exchange in India?	**07**	(3 :1 : 1)
	c.	Consider the following data relating to two funds designed.	**10**	(4 :4 : 1)

Fund	Return (R_p) (%)	Std Dev.	Beta
Canara Robecco	5	15	0.67
ICICI Mutual	12	32	1.33
Market Index	9	21	1.00

The risk-free rate of return is 2% per annum.

Rank the performance of the funds by using Sharpe ratio and Treynor ratio.

4.	**a.**	What is Beta? How it is interpreted?	**03**	(1 :4 : 2)
	b.	What are the various forms of investment alternatives?	**07**	(2 :1 : 2)
	c.	Monthly return data (%) for a 6-month period are presented: Calculate the beta and alpha co-efficient for the following:	**10**	(3 :4 : 2)

Month	Jan	Feb	Mar	Apr	May	Jun
BSE index	11	3.69	4.2	4.93	3.05	5.88
NTPC	10.27	9.31	6.73	5.68	2.6	2.86

5.	**a.**	What is efficient frontier?	**03**	(1 :4 : 2)

Note: (RBTL - Revised Bloom's Taxonomy Level: CO - Course Outcome: PO – Programme Outcome)

	b.	An Rs.1000 par value bond bears a coupon rate of 12 % and matures after 5 years. Interest payable annually. If the required rate of return is 16 %. The Current market price is at Rs.1025. Give your opinion on investment decision. Compute the value of the bond.	07	(3 :5 : 2)
	c.	Asian Paints Ltd pays a dividend of Rs.2 per share and this dividend is expected to grow at 12% for 5 years, then at 8% forever thereafter. What is the value of the equity share if the required rate is 10%? If the spot price is Rs.120 and advice your decision for investment.	10	(3 :5 : 2)
6.	a.	Define behavioural finance.	03	(1 :2 : 2)
	b.	Define risk? Discuss the sources of risk in detail.	07	(2 :4 : 4)
	c.	For the given historical return,	10	(3 :5 : 2)

Probability	0.4	0.2	0.25	0.15
Bajaj Fin	11	14	09	10
AXIS Bank	10	11	9	14

    i.   Calculate the return and risk for Bajaj Fin
    ii. Calculate the return and risk for AXIS Bank
    iii. Identify the better stock for investment among the given.

7.	a.	Define (i)Forward contract (ii) Futures contract	03	(1 :5 : 1)
	b.	Explain different forms of market efficiency with neat diagram.	07	(2 :3 : 4)
	c.	Consider a portfolio of 4 securities The table below shows the basic inputs:	10	(4 :5 : 1)

Security	Wt	Alpha	Beta	Residual variance(ei^2)
A	0.2	2	1.7	370
B	0.1	3.5	0.5	240
C	0.4	1.5	0.7	410
D	0.3	0.75	1.3	285

Market return of 15%, Market variance 320, Calculate portfolio risk and portfolio return.

8.		**Case Study**		

	For the given historical return.	20	(4 :2 : 2)

Year	1	2	3	4
Coal India	11	14	09	10
Adani Group	10	11	9	14

    i.   Calculate the return & risk for **Coal India**
    ii. Calculate the return & risk for **Adani Group**
    iii. Identify the better stock for investment among the given.
    iv. Calculate covariance between the two stocks
    v. Calculate Portfolio return and risk.

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