Third Semester M.B.A. Degree Examination, April/May 2022
BUSINESS ADMINISTRATION
Investment Analysis and Portfolio Management

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any two** questions. **Each** question carries **10** marks. Answer to the question should **not** exceed **5** pages. **(2×10=20)**

1. What do you mean by Fundamental Analysis ? How is Fundamental Analysis different from Technical Analysis ? Explain some tools used in Technical Analysis.

2. Explain Efficient Market Hypothesis. Do the assumptions of Efficient Market Hypothesis hold good in today's real market ? Justify your answer.

3. What is Option ? Explain the features of option contract.

SECTION – B

Answer **any three** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed **6** pages. **(3×12=36)**

4. Desmond wants to purchase the stock of company A and B. He estimates the return and probabilities of returns by analyzing the past records; with the given details, find out the expected return.

Return		Probability
A	B	
8%	–2%	0.10
10%	6%	0.20
12%	10%	0.30
13%	15%	0.20
14%	20%	0.15

5. a) Determine the price of Rs. 1,000 zero coupon bond with yield to maturity of 18% and 10 years to maturity.

   b) What is YTM of this bond if its price is Rs. 220 ?

6. What is Beta ? How is it different from Standard Deviation ? Explain the relevance of Correlation of Determination (r^2) with systematic and unsystematic risk components.

7. Explain 'Efficient Frontier' given by Harry Markowitz. What are possible and impossible portfolio combinations on a risk return graph ? How does an investor select the portfolios from this list of huge combinations ?

8. Rank the three funds given below with the help of Treynor and Sharpe Index.

Growth Fund	Return	Beta	Alpha
X	15%	1.5	12
Y	17%	1.6	14
Z	13%	0.75	11
Risk-free Return	9%	–	–

Is there any difference in the ranking according to these measures ? If so, why ?

SECTION – C
(Compulsory)

Answer to this question should **not** exceed **6** pages.   (1×14=14)

9. The following table provides information regarding the portfolio return and risk.

Portfolio	Expected Return E (R)	SD
1	10	4
2	12	7
3	13	5
4	16	12
5	20	14

a) The treasury bill rate is 5%, which portfolio is the best ?

b) Would it be possible to earn 12% return with SD of 4% ?

c) If SD is 12% what would be the expected return ?