H Roll No. .....

MB–302 (F1)

M. B. A. (THIRD SEMESTER)
END SEMESTER
EXAMINATION, Jan., 2023

INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT

Time : 1½ Hours

Maximum Marks : 100

Note : (i) This questions paper contains two sections–Section A and Section B.

(ii) Both Sections are compulsory.

(ii) Answer any *two* sub-questions among (a), (b) and (c) in each main question of Section A. Each question carries two marks.

(iii) Section B consisting of case study is compulsory. Section B is of 20 Marks.

P. T. O.

1. (a) Describe the 'Modern Investment Value' and how are they different from 'Traditional Investment Avenues'. (CO1)

   (b) Discuss the history of NSE and BSE along with the current status of Indian Stock Market. (CO1)

   (c) (i) From the following data calculate estimated returns and estimated risk : (CO1)

Returns	Probability
10	20%
12	25%
16	35%

2. (a) Explain 'Fundamental Analysis' with its major features and merits. (CO2)

   (b) Describe 'Random Walk Hypothesis' in detail with its major critics. (CO2)

   (c) Explain 'Technical Analysis' along with any four major tools used in Technical Analysis. (CO2)

3. (a) The prices of share of X Ltd. is currently Rs. 150. During the year X Ltd. paid a dividend of ₹ 5 to its shareholders. The required rate of is 14% and the dividends are expected to grow at 10% annually for next 3 years and at the rate of 6% thereafter. Calculate the value of the share and suggest whether an investor should buy the share or not with sufficient supportive explanation. (CO3)

   (b) X Ltd. issued 1,00,000; 9% debentures of ₹ 95 per share. The debentures have a maturity of 5 years after which they have to be redeemed at Rs. 105. If minimum required rate of return is 11%, calculate the value of bond. (CO3)

   (c) Analyse the concept of Immunization and Duration in valuation of securities. (CO3)

4. (a) Evaluate 'Arbitrage Pricing Theory' in detail. (CO4)

   (b) Estimate 'Capital Asset Pricing Model' in detail with its limitations. (CO4)

(c) An asset has a risk free rate of return @ 3%. It has a Beta of 0.8 and expected return from market is 11%. What should be its expected return ? If Beta increases to 1.0, how will it affect the expected return ? (CO4)

5. **Case Study :**

The following information relates to risk and returns of two portfolios :

Returns :	Portfolio 1	Portfolio 2
Asset 1	10%	12%
Asset 2	9%	12%
Asset 3	12%	15%
Risk :	Portfolio 1	Portfolio 2
Asset 1	9	9
Asset 2	16	100
Asset 3	25	25
Weights :	Portfolio 1	Portfolio 2
Asset 1	20%	30%
Asset 2	35%	30%
Asset 3	45%	40%

The Risk free Rate of Return for Portfolio 1 is 5% and for Portfolio 2 is 7%.

Calculate Sharpe's Index to evaluate both the portfolios. Also use Treynor's Method to tell which portfolio is better.