PG – 573

IV Semester M.B.A. (Day) Degree Examination, November/December 2023
(CBCS) (2014 – 15 Onwards)
MANAGEMENT
Paper – 4.2.1 : Investment Analysis and Management

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any five** of the following. **Each** question carries **five** marks. **(5×5=25)**

1. What is investment ? How is it different from speculation and gambling ?
2. Briefly explain Dow theory.
3. Distinguish between CML and SML as per CAPM.
4. From the following data, compute the expected Returns and Risk.

Situation	Probability	Returns
Inflation	0.4	8
Deflation	0.3	6
Normal	0.3	7

5. A portfolio consisting of two securities has the following information : weight and standard deviation of security 1 is 0.75 and 12%, weight and standard deviation of security 2 is 0.25 and 20%. The correlation between two securities is 0.6. Calculate the risk of portfolio.
6. Define Risk. Distinguish between systematic and unsystematic risk.

P.T.O.

7. Monthly return of ITC stock and market returns are given. Calculate Beta.

Month	BSE Index	ITC
1	7.41	9.43
2	– 5.33	0.00
3	– 7.35	– 4.31
4	– 14.64	– 18.92
5	1.58	– 6.67
6	15.19	26.57
7	5.11	20
8	0.76	2.93
9	0.97	5.25
10	10.44	21.45
11	17.47	23.13
12	20.15	32.33

SECTION – B

Answer **any three** questions. **Each** question carries **10** marks. **(3×10=30)**

8. Distinguish between fundamental analysis and technical analysis.
9. Explain the Markowitz model of portfolio analysis and selection.
10. X and Y are two mutual funds. X has a mean value of Return of 15% and Y has 22%. Y has a beta of 3 and X has a beta of 1.5. The standard deviation of X and Y are 15% and 21.4%. The market return of index is 12% and the risk free rate is 8%. Calculate Jenson Index for each fund.
11. The following information is available.

Particulars	Stock A	Stock B
Expected Return	16%	12%
Standard Deviation	15%	8%
Coefficient of correlation	0.6	

a) What is the co-variance between Stock A and Stock B ?
b) What is the expected return and risk of a portfolio in which A and B have weights of 0.6 and 0.4 ?

SECTION – C

Compulsory question. **(1×15=15)**

12. Case study.

The following data is given for the market return and sun company scrip return for a particular period.

Index Return	Scrip Return
0.50	0.30
0.60	0.60
0.50	0.40
0.60	0.50
0.80	0.60
0.50	0.30
0.80	0.70
0.40	0.50
0.70	0.60

a) What is the beta value of the sun company scrip ?

b) If the market return is 2, what would be the scrip return ?