

Enrollment No.....



Faculty of Management Studies / Commerce

End Sem Examination May-2024

CM3EB12 / MS3EF07

Investment Analysis & Portfolio Management

 Programme: B.Com.(Hons.) Branch/Specialisation: Commerce /
 / BBA Management
Duration: 3 Hrs.**Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

- Q.1 i. Which of the following is an element of investment? **1**
 (a) Risk (b) Return (c) Liquidity (d) All of these
- ii. Systematic risk is also known as: **1**
 (a) Market risk (b) Business risk
 (c) Financial risk (d) Purchasing power risk
- iii. Which of the following is a type of fixed-income security? **1**
 (a) Stocks (b) Bonds
 (c) Mutual funds (d) Real estate
- iv. The return on a bond consists of: **1**
 (a) Interest income only
 (b) Capital gains only
 (c) Both interest income and capital gains
 (d) None of these
- v. Which of the following is NOT a factor of economic analysis? **1**
 (a) Gross Domestic Product (GDP)
 (b) Inflation rate
 (c) Company earnings
 (d) Unemployment rate
- vi. Fundamental analysis primarily focuses on: **1**
 (a) Historical price movements
 (b) Economic indicators
 (c) Technical indicators
 (d) Sentiment analysis

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- vii. The Dow Jones theory is primarily concerned with: **1**
 (a) Analyzing economic indicators
 (b) Interpreting market trends
 (c) Assessing company fundamentals
 (d) Predicting interest rate movements
- viii. Candlestick chart patterns are used to: **1**
 (a) Measure volatility
 (b) Identify potential trend reversals
 (c) Determine support and resistance levels
 (d) All of these
- ix. Which of the following is NOT a step in the portfolio management process? **1**
 (a) Portfolio analysis (b) Portfolio revision
 (c) Portfolio selection (d) Portfolio dissolution
- x. Which model is used to measure portfolio risk and return simultaneously? **1**
 (a) Markowitz Model
 (b) Sharpe Ratio
 (c) Capital Asset Pricing Model (CAPM)
 (d) Single Index Model
- Q.2 i. Differentiate between systematic risk and non-systematic risk. Provide examples of each. **4**
 ii. Describe the investment process in detail. **6**
- OR iii. Explain the various types of risk. **6**
- Q.3 i. What are the main types of investment alternatives available to investors? **4**
 ii. What is the price of the following split coupon bond if comparable yields are 12 % . Principle Rs. 1000, Maturity 12 years Coupon rate 0 % for year 1-3 and Rs. 100 for year 4-12. **6**
- OR iii. An investor is considering to purchase of a five year Rs1000 par value bond bearing a nominal (coupon) rate of interest of 7 % . The investor's required rate of return is 8 % . What should he be willing to pay now to purchase the bond if it matures at par? **6**
- Q.4 i. What are the key factors considered in economic analysis? How do they impact investment opportunities? **4**

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- ii. What is fundamental analysis? Discuss the phases of fundamental analysis in detail. **6**
- OR iii. Explain the quantitative and qualitative factors of company analysis. **6**
- Q.5 Attempt any two:
 i. What do you mean by technical analysis? Discuss its tools in detail. **5**
 ii. Explain Dow Jones theory. How does it contribute to the principles of technical analysis? **5**
 iii. Discuss the Elliott Wave Theory and its relevance in understanding market cycles and trends. **5**
- Q.6 Attempt any two:
 i. Explain the concept of portfolio and discuss the steps involved in the process of portfolio management? **5**
 ii. Find out the portfolio performance of A and B securities by using Treynor's model from the following data: **5**

Portfolio	return	beta	Risk free rate
A	22%	0.6%	11%
B	26%	1.2%	11%

- iii. Find out the portfolio performance by using Sharpe's model from the following data: **5**

Portfolio	Average return	Standard deviation	Risk free ratio
XYZ	30%	9%	12%
ABC	25%	5%	12%

Marking Scheme
Investment Analysis and Portfolio Management –
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Q.1	i)	d) All of the above		1
	ii)	a) Market risk		1
	iii)	b) Bonds		1
	iv)	c) Both interest income and capital gains		1
	v)	c) Company earnings		1
	vi)	b) Economic indicators		1
	vii)	b) Interpreting market trends		1
	viii)	d) All of the above		1
	ix)	d) Portfolio dissolution		1
	x)	a) Markowitz Model		1
Q.2	i.	Systematic risk –	1.5 Marks	4
		Non-systematic risk –	1.5 Marks	
		Examples –	1 Mark	
	ii.	Investment definition –	1 Mark	6
		Investment process definition –	1 Mark	
Stages –		4 Marks		
OR	iii.	Concept of investment –	2 Marks	6
		Characteristics of investment –	2 Marks	
		Detailed explanation –	2 Marks	
Q.3	i.	Types of Investment alternatives –	(1 Mark*4)	4
	ii.	The price of the following split 4-12.	6 Marks	6

OR	iii.	An investor is considering at par	6 Marks	6
Q.4	i.	Key factors –	2 Marks	4
		Impact on investment opportunities –	2 Marks	
OR	ii.	Definition –	2 Marks	6
		Phases in detail –	4 Marks	
	iii.	Quantitative factors –	3 Marks	6
		Qualitative factors –	3 Marks	
Q.5	i.	Definition –	2 Marks	6
		Tools –	4 Marks	
OR	ii.	Theory –	2 Marks	4
		Contribution –	2 Marks	
	iii.	Theory –	2 Marks	4
		Relevance -	2 Marks	
Q.6		Attempt any two:		
	i.	Concept of Portfolio –	2 Marks	5
		Steps –	3 Marks	
	ii.	Formula –	1 Mark	5
		Treynor's model for A –	2 Marks	
		Treynor's model for B –	2 Marks	
	iii.	Formula –	1 Mark	5
		Sharpe index for XYZ –	2 Marks	
		Sharpe index for ABC –	2 Marks	
