Total No. of Questions: 6 *Total No. of Printed Pages:3*

Enrollment No.....

Faculty of Management Studies

End Sem (Even) Examination May-2022

CM3EB12 / MS3EF07

Investment Analysis & Portfolio Management

Programme: BBA / B.Com. (Hons.) Branch/Specialisation: Management / Commerce

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.

Q.1 i. An investor invests in assets known as a: **1**

(a) Securities (b) Block of assets

(c) Portfolio (d) None of these

ii. Investors agree to invest in high- risk investments if only- **1**

(a) There are any true speculations

(b) The predicted return is satisfactory for taking a risk

(c) There are no safe options except for holding cash

(d) The return is short

iii. Investments would score high only if there is a protection to- **1**

(a) Real estate (b) Preferred stock

(c) Government bonds (d) Common stock

iv. A combination of various investment products like bonds, shares, securities, mutual funds and so on is called as _____. **1**

(a) Portfolio (b) Investment

(c) Speculation (d) Gambling

v. The fundamental analysis approach has been associated with ____. **1**

(a) Uncertainties (b) Certainties

(c) Ratios (d) Balance sheet

vi. Who is called a father of fundamental analysis_____? **1**

(a) Benjamin Graham (b) Tinbergen

(c) William (d) Elliot Wave

P.T.O.

vii. Technical analysis is useful_____. **1**
(a) To make an estimate of growth in a stock market
(b) To find out the market forces influencing stock market
(c) To indicate the direction of the overall market
(d) To analyse the economic activity of government.

viii. _____ analysis refers the study of the variables that influence the future of a firm both qualitatively and quantitatively. **1**
(a) Company analysis (b) Industry analysis
(c) Technical analysis (d) Economic analysis

ix. The main objective of portfolio is to reduce _____ by diversification. **1**
(a) Return (b) Risk
(c) Uncertainty (d) Percentage

x. Markowitz efficient hypothesis initiated in_____. **1**
(a) 1958 (b) 1959 (c) 1961 (d) 1960

Q.2 i. Distinguish investment and speculation. **2**
ii. What is investment? State any two objectives of investment. **3**
iii. What is investment process? Describe how an investor should go about making decisions. **5**
OR iv. Classified various types of risk in investment. **5**

Q.3 i. Explain valuation of investment. **2**
ii. What is bond? Explain different type of bonds. **8**
OR iii. Discuss different types of investment alternatives available to an investor. **8**

Q.4 i. What is fundamental analysis? Explain in detail. **3**
ii. What do you mean by Industry? Explain different types of Industries. **7**
OR iii. Discuss quantitative and qualitative factors of company analysis. **7**

Q.5 i. Elaborate Elliot Wave theory in detail. **4**
ii. What are charts? How are they interpreted in technical analysis? **6**

OR iii. How is technical analysis different from fundamental analysis? **6**

Q.6 Attempt any two:

i. 'Portfolio management is a dynamic process', Explain it. **5**

ii. **5**

Investment in equity shares	Initial price	Dividend /interest	Market price (end of the year)	Beta risk factor
Power Ltd.	25	2	50	0.5
Coal Ltd.	35	2	60	0.6
Govt. bonds	100	140	1005	0.66
Steel Ltd.	45	2	135	0.4

Risk free return may be taken at 14%.
You are required to calculate expected rate of return of portfolio in each using CAPM model.

iii. A and B are two portfolios. A has a sample mean of success 12% and B has a sample mean of success 16%. The respective standard deviations are 15% and 18%. The mean return for the market index is 12 and standard deviation is 8 while the risk-free rate is 8%, Compute the Sharpe index for the portfolio and the market. **5**

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Marking Scheme

CM3EB12 / MS3EF07 Investment Analysis & Portfolio Management

Q.1	i.	An investor invests in assets known as a: (c) Portfolio	**1**
	ii.	Investors agree to invest in high- risk investments if only- (b) The predicted return is satisfactory for taking a risk	**1**
	iii.	Investments would score high only if there is a protection to- (c) Government bonds	**1**
	iv.	A combination of various investment products like bonds, shares, securities, mutual funds and so on is called as _____. (a) Portfolio	**1**
	v.	The fundamental analysis approach has been associated with ____. (a) Uncertainties	**1**
	vi.	Who is called a father of fundamental analysis_____? (a) Benjamin Graham	**1**
	vii.	Technical analysis is useful_____. (c) To indicate the direction of the overall market	**1**
	viii.	_____ analysis refers the study of the variables that influence the future of a firm both qualitatively and quantitatively. (a) Company analysis	**1**
	ix.	The main objective of portfolio is to reduce _____ by diversification. (b) Risk	**1**
	x.	Markowitz efficient hypothesis initiated in_____. (d) 1960	**1**

Q.2	i.	Investment	1 mark	**2**
		Speculation	1 mark	
	ii.	Investment	1 mark	**3**
		Any two objectives of investment	2 marks	
	iii.	Investment process	1 marks	**5**
		An investor should go about making decisions	4 marks	
OR	iv.	Types of risk in investment		**5**
		1 mark for each point	(1 mark * 5)	

Q.3	i.	Valuation of investment. As per explanation		**2**
	ii.	Bond	1 mark	**8**
		Type of bonds 1 mark for each type (1 mark * 7)	7 marks	
OR	iii.	Types of investment alternatives available to an investor 1 mark for each type	(1 mark * 8)	**8**

Q.4	i.	Fundamental analysis As per explanation		**3**
	ii.	Industry	1 mark	**7**
		Types of Industries		
		1 mark for each type (1 mark * 6)	6 marks	
OR	iii.	Quantitative factors	3.5 marks	**7**
		Qualitative factors	3.5 marks	

Q.5	i.	Elaborate Elliot Wave theory in detail. As per explanation		**4**
	ii.	Charts	1 mark	**6**
		As per interpretation	5 marks	
OR	iii.	Technical analysis different from fundamental analysis 1 mark for each point	(1 mark * 6)	**6**

Q.6		Attempt any two:	
	i.	Portfolio management is a dynamic process As per explanation	**5**
	ii.	You are required to calculate expected rate of return of portfolio in each using CAPM model. As per solution	**5**
	iii.	Compute the Sharpe index for the portfolio and the market. As per solution	**5**

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