

INVESTMENT & PORTFOLIO MANAGEMENT

(For students admitted in 2014 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

SECTION - A

Answer the following: (05 X 10 = 50 Marks)

- 1 What is investment? Explain the objectives and process of investment activity.
OR
- 2 State the economic and financial meaning of investment. Can you differentiate between the investor and the speculator in the stock market?
- 3 Do you think that knowing the current status of the economy is useful in analyzing stock market movements? If so, explain.
OR
- 4 Discuss the qualitative factors that affect a company's performance in detail.
- 5 'Investing in levered companies is profitable during the boom period and avoiding it during recession is wiser'. Elucidate.
OR
- 6 A stock costing Rs.50 pay no dividend. The possible prices of the stock at the end of year and their probabilities are given below:

End of year price	Probability
60	0.1
65	0.2
70	0.4
75	0.2
80	0.1

- (a) Find out the expected return.
- (b) Find out the standard deviation of the returns.
- 7 How would you immunize a bond portfolio using the immunization technique?
OR
- 8 Discuss various methods of valuation of shares and bonds with examples.
- 9 Define Markowitz diversification. Explain the statistical method used by Markowitz to reduce the risks.
OR
- 10 Discuss about capital asset pricing model and its applications in portfolio management.

SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

Case study:

What is the significance of the following results? Carry out a comparative analysis.

Particulars	Stock - A	Stock - B	Stock - C
Beta	0.80	- 0.21	1.20
Standard deviation of return	4.39	1.93	5.39
Correlation with market	0.535	- 0.326	0.795
