

D 91567

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Name.....

Reg. No.....

THIRD SEMESTER M.B.A. DEGREE EXAMINATION, JANUARY 2021

(CUCSS)

M.B.A.

BUS 3C 21—INVESTMENT MANAGEMENT

(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

*Answer the following questions.
Each question carries 1 weightage.*

1. Distinguish between investment and speculation.
2. What is Bond ? Is it same as debentures ?
3. Explain the term Beta.
4. What do you understand by portfolio management ?
5. Describe book building.
6. What is meant by merchant banking ?

(6 × 1 = 6 weightage)

Part B

*Answer any four of the following.
Each question carries 3 weightage.*

7. Explain the attributes that one should consider while evaluating an investment.
8. A company paid dividends amounting to Rs. 0.75 per share during the last year. The company is expected to pay Rs. 2 per share during the next year. Investor forecast a dividend of Rs. 3 per share in the year after that. Thereafter it is expected that dividends will grow at 10% per year into an indefinite period. Would you buy/sell the share if the current price is Rs. 54 ? Investors require a return of 15% p.a.
9. Write a detailed note on the Efficient Market theory.

Turn over

10. Calculate the expected return of a portfolio with four securities having the following characteristics :

Security	Return (%)	Proportion of investment
W	18.5	0.2
X	23.75	0.1
Y	12.3	0.25
Z	16.85	0.45

11. Describe the constitution and management of Mutual Fund.
 12. "Primary market and secondary market are complimentary to each other". Comment.
 (4 × 3 = 12 weightage)

Part C

*Answer any three of the following.
 Each question carries 4 weightage.*

13. Narrate the wide array of investment avenues available in India.
 14. The equity stocks of Smart Limited is currently selling for Rs. 20 per share. The dividend expected next year is Rs. 2.00. The investors required rate of return on this stock is 15 percent. If the constant growth model applies to Smart Limited, what is the expected growth rate ?
 15. What is fundamental analysis ? Discuss the various considerations kept in mind while carrying out technical analysis ?
 16. Do you consider SEBI as an effective regulator of capital market ? Comment.
 17. Explain the Capital Asset Pricing Model of portfolio management.
 (3 × 4 = 12 weightage)

Part D

*Answer the compulsory question.
 Question carries 6 weightage.*

18. The estimates of standard deviations and correlation co-efficient for three stocks are given below :

Stock	Standard Deviation	Correlation with stock		
		A	B	C
A	32	1.00	- 0.8	0.4
B	26	- 0.8	1.00	0.65
C	18	0.4	0.65	1.00

If a portfolio is constructed with 15% of stock A, 50% of stock B and 35% of stock C, what is the portfolio standard deviation ?

(1 × 6 = 6 weightage)