

D 33210

(Pages : 3)

Name.....

Reg. No.....

**THIRD SEMESTER M.B.A. DEGREE (2016 SCHEME) EXAMINATION  
JANUARY 2023**

(CUCSS)

M.B.A.

BUS 3C 21—INVESTMENT MANAGEMENT

Time : Three Hours

Maximum : 36 Weightage

**Part A***Answer **all** the following.**Each question carries 1 weightage.*

1. Enlist the general objectives of investment.
2. What is risk-return trade-off?
3. Present the idea of EMH.
4. What is portfolio revision ?
5. Identify different types of mutual funds.
6. What is Dematerialisation ?

(6 × 1 = 6 weightage)

**Part B***Answer any **four** of the following.**Each question carries 3 weightages.*

7. Explain the procedure for IPO in India.
8. Discuss the essence of Dow Theory.
9. How is bond valuation different from equity valuation ?
10. Consider the returns of Apple (AAPL) for a period of five years. Historical returns for Apple's stock were 12.49 % for 2016, 48.45 % for 2017, - 5.39 % for 2018, 88.98 % for 2019 and 60.91 % for 2020. Compute the average return over the five years and standard deviation of the return ?

**Turn over**

11. From the following details, compute the average price of ABC Ltd for the year 2020-21 using Earnings Model ?

<i>Company : ABC Ltd.</i>		
<i>Year</i>	<i>Share Price</i>	<i>EPS</i>
2019-20	689.75	49.2
2018-19	654.3	43.27
2017-18	609.55	33.85

12. Explain the roles of clearing houses and depository participants ?

(4 × 3 = 12 weightage)

### Part C

Answer any **three** of the following.

Each question carries 4 weightages.

13. Explain the functions of stock markets ? Identify the participants in a stock market ? Also, examine how stock exchanges help capital formation ?
14. You are given the details of a portfolio comprising eight securities namely S1, S2, S3, S4, S5, S6, S7 and S8. You are required to compute the portfolio risk and portfolio expected return using CAPM approach. Assume that index return is 10 per cent and risk free return is 5 per cent.

Security	S1	S2	S3	S4	S5	S6	S7	S8
Market Value in INR	120	68	200	650	440	390	90	45
Beta	1.2	1.5	2.2	2.4	2	1.75	0.8	0.3
Weights	0.07	0.04	0.09	0.26	0.21	0.18	0.08	0.07

15. Discuss how technical analysis becomes useful in investment decisions ? What's the difference between Fundamental and Technical Analysis ?

16. Assume there is a portfolio that consists of two stocks. Stock A is worth INR 50,000 and has a standard deviation of 20 %. Stock B is worth INR 100,000 and has a standard deviation of 10%. The correlation between the two stocks is 0.85. Given this, the portfolio weight of Stock A is 33.3% and 66.7 % for Stock B. Compute the standard deviation of the portfolio ?
17. Explain major steps in portfolio management ?

(3 × 4 = 12 weightage)

**Part D**

**Compulsory question.**

*The question carries 6 weightages.*

18. Consider stock A and stock B with the following daily returns for three days.

Day	Stock A (%)	Stock B(%)
1	1.2	1.7
2	0.5	0.6
3	1.0	1.3

- (i) Determine the covariance between stock A and stock B ?
- (ii) Provide the interpretation ?

(1 × 6 = 6 weightage)

15594

15594

15594