THIRD SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2012

(CCSS)

BUS 3C 23—INVESTMENT MANAGEMENT

(2009 Admissions)

Time : Three Hours   Maximum : 60 Mark

Section A

Answer all questions.
Each question carries 2 marks.

1. Who is a market participant ?

2. What is depositaries ?

3. What is a futures contract ?

4. What is random walk hypothesis ?

5. What is portfolio diversification ?

(5 × 2 = 10 marks

Section B

Answer any four questions.
Each question carries 5 marks.

6. Explain different types of investments.

7. Discuss the functions of a merchant bankers.

8. Explain the procedure to calculate NAV of a mutual fund.

9. Describe the tools of company analysis.

10. The face value of a bond is Rs. 1,000 and it pays 9 percent interest per annum. The maturity value after ten year is Rs. 1,200. If the required rate of return is 10 percent, what is the actual value o the bond.

11. Select best portfolios for an investor who falls in the risk bracket of 30 percent. Give justificatio for your selection :

Portfolio	:	1	2	3	4	5
Standard Deviation	:	14%	15%	17%	12%	18%
Return	:	15%	17%	20%	18%	21%

(4 × 5 = 20 marks

Turn over

Section C

Answer any **two** *questions.*
Each question carries 7½ marks.

12. Explain how technical analysis is useful to investors.

13. Describe the structure of capital market.

14. Show the effect of the rupee cost averaging on a portfolio of 1000 shares bought at Rs. 50, wh the following price change happen : Rs. 54, Rs. 56, Rs. 43, Rs. 48, and Rs. 52.

(2 × 7½ = 15 mar

Section D

(Compulsory)

15. A company is currently paying a dividend of Rs. 2 per share. The dividend is expected to grow a 15 percent annual rate for three years, then at 10 percent rate for the next three years, af which it is expected to grow at a 5 percent rate forever.

What is the present value of the share if the capitalisation rate is 9 percent ? If the curr market price of the share is Rs. 85, would it be a desirable investment ?

(1 × 15 = 15 mar