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(Pages : 2)

Name...

Reg. No.....................................

THIRD SEMESTER M.B.A. DEGREE EXAMINATION DECEMBER 2015

Management

BUS 3C 22—INVESTMENT MANAGEMENT

(2013 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all the questions.
Each question carries 1 weightage.

1. What is dematerialisation ?

2. What is portfolio beta ?

3. What is technical analysis ?

4. What do you mean by portfolio revision ?

5. What is credit rating ?

6. What is semi-strong form of market efficiency ?

$(6 \times 1 = 6 \text{ weightage})$

Part B

Answer any six questions.
Each question carries 3 weightage.

7. Explain the motives of investment.

8. Describe the significance of dematerialisation.

9. Explain the difficulties in valuation of equity shares.

10. Elucidate the process of technical analysis.

11. Discuss the objectives of company analysis.

12. Explain the strategies for portfolio revision.

13. A portfolio consists of three securities P, Q and R with the following parameters :

Details	P	Q	R
Expected return %	20	22	24
Standard Deviation %	33	30	25

Turn over

Correlation :

PQ   – 0.40

QR   + 0.45

PR   + 0.55

If the securities are equally weighted, how much is the risk and return of the portfolio of these three securities ?

14. Two bonds have face value of Rs. 1000, coupon rate of 12 per cent and maturity of 5 years. One pays interest annually and another pays interest half yearly. Calculate the value of the bond and comment on the values.

$(6 \times 3 = 18$ weightage$)$

Part C

Answer any two questions.
Each question carries 6 weightage.

15. The shares of Zenith Ltd. are currently being sold in the secondary market at Rs. 90 per share. Currently the company pays constant dividend of Rs. 3.00 per share. The market analysts predicts super normal growth of 15 per cent for the first three years and 12 per cent for the next three year, thereafter the dividend will grow at 10 per cent for ever. If the investor's discount rate is 12 per cent, what is the present value of the share ? Would it be desirable investment ? Why ?

16. From the following data rank the portfolios using Sharpe's ratio and find out the portfolio that are well diversified. The risk free rate of return is 8 per cent.

Portfolio	Return (%)	Standard Deviation (%)	Beta
A	15	24.70	1.19
B	17	20.25	0.96
C	19	15.70	0.82
D	17	16.40	1.15
E	15	18.20	1.02

17. Elucidate various services provided by merchant bankers.

$(2 \times 6 = 12$ weightage$)$