

Code: 9E00306a

MBA III Semester Regular & Supplementary Examinations January 2015

INVESTMENT & PORTFOLIO MANAGEMENT

(For students admitted in 2011, 2012 & 2013 only)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 The investment process involves a series of activities starting from the policy formulation. Discuss.
- 2 Write notes on:
 - (a) Demutualization.
 - (b) Share groups.
 - (c) IndoNext.
- 3 The state of the economy determines the growth of GDP and investment opportunities comment.
- 4 Explain in detail about Dow theory and how is it used to determine the direction of the stock market.
- 5 Rose company is expected to pay a dividend of Rs 2 per share for the next year. The earnings and dividends of the company are expected to grow at an annual rate of 12% indefinitely. Investors expected rate of return is 15%. What is the theoretical price for Rose company's share?
- 6 Given below are the returns on IBM and BSE sensex for a five year period. Calculate Beta, Alpha Residual variance and correlation:

Year	Return on IBM (Y)	Return on BSE sensex (X)
1	0.2	0.1
2	0.3	0.2
3	0.5	0.3
4	0.4	0.4
5	0.6	0.5

- 7 'Stocks are considered to be risky but bonds are not' this is not fully correct. Elucidate.
- 8 The following parameters applied to stocks Y and Z:

	Stock Y	Stock Z
Expected return	20	30
Expected variance	16	25
Covariance YZ	20	-

Is there any advantage of holding a combination of Y and Z.
