

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(END SEMESTER EXAMINATION)**

**CLASS: MBA/IMBA
BRANCH: MBA/IMBA**

**SEMESTER : III/ADD.
SESSION : MO/18**

SUBJECT: MBA3003 INVESTMENT AND PORTFOLIO MANAGEMENT

TIME: 3 HOURS

FULL MARKS: 60

INSTRUCTIONS:

1. The question paper contains 7 questions each of 12 marks and total 84 marks.
 2. Candidates may attempt any 5 questions maximum of 60 marks.
 3. The missing data, if any, may be assumed suitably.
 4. Before attempting the question paper, be sure that you have got the correct question paper.
 5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.
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- Q.1(a) What does the term 'investment' mean? How is the concept of Investment different from Speculation and Gambling? [6]
- Q.1(b) What are Mutual Funds? Discuss the different types of Mutual Funds. [6]
- Q.2(a) Discuss the importance of the primary market and secondary market in the economic development of the nation. [6]
- Q.2(b) Elaborate on the role of the different parties involved in the floating of new capital issues. [6]
- Q.3(a) What is the meaning of the term 'risk'? How is risk measured? How can an investor reduce risk? [6]
- Q.3(b) Elaborate on the different classifications of risk. [6]
- Q.4(a) Discuss in detail the Economy-Industry-Company Analysis. [6]
- Q.4(b) What do you understand by the term 'Technical Analysis'? Explain any 2 tools of Technical Analysis. [6]
- Q.5(a) Discuss the features of bonds, equity shares and preference shares. [6]
- Q.5(b) A bond has a face value of Rs. 1000, a coupon rate of 5% and a maturity of 4 years. The bond makes annual coupon payments. If the discount rate is 8%, what is the present price of the bond? Discuss the inverse relationship between bond yields and bond prices by referring to the above example. [6]
- Q.6(a) What is the concept of a financial derivative? What are the advantages and disadvantages of a Forward contract? [6]
- Q.6(b) What is an Option? Discuss the difference between Options and Futures? [6]
An investor buys 100 ABC Ltd. call options at a strike price of Rs. 400 on June 15. Premium paid = Rs. 5,000 (@Rs. 50 per call X 100 calls). Expiry date of the contract is June 26. On June 26, ABC Ltd. shares close at Rs. 410. What should the investor do? What is his gain or loss?
- Q.7(a) Discuss with an example how the Capital Asset Pricing Model is used in investment analysis. [6]
- Q.7(b) Explain with examples how the Sharpe Ratio and the Treynor Ratio are used as tools of Portfolio Performance Evaluation. [6]

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