

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

**CLASS: MBA
BRANCH: MBA**

**SEMESTER : III
SESSION : MO/2023**

SUBJECT: MT505 INVESTMENT AND PORTFOLIO MANAGEMENT

TIME: 3 Hours

FULL MARKS: 50

INSTRUCTIONS:

1. The question paper contains 5 questions each of 10 marks and total 50 marks.
 2. Attempt all questions.
 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)	Investment is well grounded and carefully planned speculation. Discuss.	[5]	1 2
Q.1(b)	Investors primarily favor mutual funds over alternative investment channels. Provide explanations for this preference.	[5]	1 4
Q.2(a)	Discuss the various elements of risk.	[5]	2 3
Q.2(b)	The first step in Industry analysis is to determine the stage of growth through which the industry is passing. Explain.	[5]	2 2
Q.3(a)	A company recently paid an annual dividend on its stock of Rs. 3/- per share. The company dividend is expected to grow at Rs. 1 /- per share for the next four years. Thereafter, the dividend is expected to grow at 6% per year indefinitely. The required return on stock with similar risk is 15%. What is the intrinsic value of the stock?	[5]	3 3
Q.3(b)	How intrinsic value helps in taking investment decision of equity shares.	[5]	3 4
Q.4(a)	"Bond prices moves inversely to the market interest rate changes." Explain with illustration.	[5]	4 4
Q.4(b)	The value of a bond is equal to the present value of its expected cash flow. Illustrate with an example.	[5]	4 3
Q.5(a)	What is meant by optimal portfolio? How is it identified?	[5]	5 2
Q.5(b)	When an investor is assumed to use riskless lending and borrowing in his investment activity, the efficient frontier transforms into a straight line. Illustrate.	[5]	5 3

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