

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

**CLASS: MBA
BRANCH: MBA**

**SEMESTER : III
SESSION : MO/2024**

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 and speculation are somewhat different and yet similar in certain respect. Explain | [5] 1 | 2 |
| Q.1(b) | Now a days what are popular investment avenues among the investors and why? | [5] 1 | 2 |
| Q.2(a) | How would you minimize the various risk exposure? | [5] 2 | 3 |
| Q.2(b) | Use of social media may result in wrong investment decision; how would you analyse the recommendation and its credibility? | [5] 2 | 2 |
| Q.3(a) | Discuss the key economic variables that an investor must monitor as a part of his fundamental analysis. | [10] 3 | 3 |
| Q.4(a) | A share is currently selling for Rs. 70. The company is expected to pay a dividend of Rs. 3.00 on the share at the end of the year. It is reliably estimated that the share will sell for Rs. 83 at the end of the year. 1. Assuming that the dividend and price forecasts are accurate would you buy the share to hold it for one year if your required rate of return were 12%. 2. Given the current price of Rs. 70 and the expected dividend of Rs. 3.00 what would the price have to be at the end of one year to justify purchase of the share today if your required rate of return were 15%. | [5] 4 | 4 |
| Q.4(b) | A Bond pays interest annually and sells for Rs. 840 it has six years left to maturity and a par value of Rs. 1000. What is its coupon rate if it's promised YTM is 12%. | [5] 4 | 3 |
| Q.5(a) | Explain the problem involved in the portfolio selection? | [5] 5 | 2 |
| Q.5(b) | When an investor is assumed to use riskless lending and borrowing in his investment activity the shape of the efficient frontier transforms into a straight line. illustrate | [5] 5 | 4 |

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