Name: **Enrolment No:**	UPES UNIVERSITY OF TOMORROW

UPES

End Semester Examination, DEC 2024

Course: Investment Analysis and Portfolio Management **Semester: III**

Program: MBA-Core **Time : 03 hrs.**

Course Code: FINC8052 **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q1	Select the right options for the given questions. (All the questions are mandatory)		
(i)	This type of risk can be avoided by diversifying properly a. Systematic risk b. Unsystematic risk c. Portfolio risk d. Total risk	**2**	**CO1**
(ii)	Which of the following securities has the most possible risk as well as the highest potential return? a. Preferred stocks b. Commercial paper c. Derivatives securities d. Bonda	**2**	**CO1**
(iii)	A statistical measure of how closely two variables especially in stock returns move together a. Variation coefficient b. Certainty equivalent c. Variance d. Co-variance	**2**	**CO1**
(iv)	Horse racing, card games, and the lottery are all instances of a. Investing b. Gambling c. Speculating d. Arbitrage	**2**	**CO1**
(v)	Is associated with buying low and selling high, resulting in a significant capital gain. a. Speculation b. Gambling c. Investing d. Arbitrage	**2**	**CO1**

<table>
<tr><td>(vi)</td><td>The return you make on your investment is based on the amount you put in, usually given as a percentage.
a. Emergency Fund
b. Interest Rate
c. Index
d. Penalty</td><td>2</td><td>CO1</td></tr>
<tr><td>(vii)</td><td>As per the CAPM model, the required rate of return on a security is
a. Return on treasury bonds + Market risk premium
b. Return on individual securities + Beta premium
c. Return on Government securities + Unsystematic risk premium
d. Return on corporate securities + Systematic risk premium</td><td>2</td><td>CO1</td></tr>
<tr><td>(viii)</td><td>The beta of the risk-free asset is:
a. 0.5
b. 0
c. 2.0
d. 1.0</td><td>2</td><td>CO1</td></tr>
<tr><td>(ix)</td><td>Which of the following is not included in the Phases of Portfolio Management?
a. Security Analysis
b. Capital Market Theory
c. Portfolio Analysis
d. Portfolio Selection</td><td>2</td><td>CO1</td></tr>
<tr><td>(x)</td><td>Technical analyst concentrates more on price movements and ignores the fundamentals of the shares:
a. True
b. False
c. Partially true
d. Partially false</td><td>2</td><td>CO1</td></tr>
<tr><td colspan="4">SECTION B
4Qx5M= 20 Marks</td></tr>
<tr><td>Q2</td><td>The total risk comprises systematic risk and unsystematic risk. Support this comment and also provide two examples of each.</td><td>5</td><td>CO2</td></tr>
<tr><td>Q3</td><td>Define the term Investment. How is it different from speculation?</td><td>5</td><td>CO2</td></tr>
<tr><td>Q4</td><td>Investments involve long-term commitments. Comment.</td><td>5</td><td>CO2</td></tr>
<tr><td>Q5</td><td>Discuss any three constraints of investors.</td><td>5</td><td>CO2</td></tr>
<tr><td colspan="4">SECTION-C
3Qx10M=30 Marks</td></tr>
<tr><td>Q6</td><td>An investor is considering the following two investment proposals. The returns from both the proposals are the same but their probabilities differ. Compute the Expected Return and risk of the following two proposals and advise the investor.
<table>
<tr><td>Return (%)</td><td>Probab. X</td><td>Probab. X</td></tr>
<tr><td>-10</td><td>0.05</td><td>0.20</td></tr>
</table></td><td>10</td><td>CO3</td></tr>
</table>

	15	0.15	0.20		
	20	0.30	0.25		
	25	0.25	0.25		
	30	0.25	0.10		
Q7	A firm had paid a dividend at Rs. 2 per share last year. The estimated growth of the dividends from the company is 5% p.a. Determine the market price of the equity share given that the required rate of return is 15.5%. What will be the estimated price if growth rate (i) rises to 8% (ii) falls to 3%?			**10**	**CO3**
Q8	A company issued a 12% bond with 3 years maturity. The bond is redeemable at par at Rs. 1000. What would be the value of the bond assuming interest is payable (i) annually (ii) semi-annually? The required rate of return of the investor is 14%. **OR** What do you mean by Fundamental Analysis? Explain EIC (Economy-Industry-Company) approach			**10**	**CO3**
	SECTION-D **2Qx15M= 30 Marks**				
Q9	The following are the expected return, r and risk, σ, of two securities a and B: Securities | Return (%) | S.D (%) A | 10 | 20 B | 12 | 25 The correlation coefficient between the returns of a and B is 0.5. an investor is to decide about the portfolio of A and B as 75% + 25% or 25% + 75%. Which one should he accept?			**15**	**CO4**
Q10	Information about three mutual fund schemes X, Y and Z are available. Mutual Funds | Actual return (%) | Beta | S.D. (%) X | 14 | 0.70 | 21 Y | 26 | 1.20 | 30 Z | 24 | 1.15 | 29 The return on the market index is 22% and the standard deviation of returns on the market index is 25%. The risk-free rate is 5%. i) Calculate treynor's ratio for all the funds and market index rank them. ii)Calculate Jenesen's alpha for all the funds and market index rank them. **OR** Explain and critically analyze any three of the following in the context of investment management: (**Any 3**) **(a)** The role of Fintech in investment strategies, **(b)** ESG (Environmental, Social, and Governance) investing, **(c)** The impact of global events on portfolio management, and **(d)** Ethical Standards in Investment Management.			**15**	**CO4**