

January - 2013

Master of Business Administration (MBA) Examination
IV Semester

Investment Analysis & Portfolio Management

Time : 3 Hours]

[Max. Marks : 80

Note : Attempt any four questions from Section A. All questions carry equal marks. Section B is compulsory.

Section-A

1. State the characteristics and objectives of investments. How will you select investments in global market ?
2. What is Capital asset pricing theory ? Explain "Capital market line" and "Security market line" with the help of diagrams.
3. Explain Markowitz model the mean variance criterion.
4. Calculate the duration for Bond A and Bond B with 7% and 10% coupons having maturity period of 4 years. The face value is Rs. 1000/- . Both the bonds are current yielding 6%.
5. What do you mean by Valuation of Equity ? Explain different equity valuation models.
6. Explain Bond Value Theorems.
7. Write short notes (any two) : (i) Fundamental and Technical Analysis. (ii) Elliot Wave Theory. (iii) Dow Theory.

Section-B

8. A naive investor wants to analyse the capital structure of a company. He has the following information : ABC Company.

(Rs. in million)

	2002	2007	2010
Long-term debt (11%)	12.27	9.46	11.19
Preferred stock (10%)	0.13	0.13	0.12
Common stock (par Rs. 10)	0.01	0.14	12.6
Capital surplus	5.67	6.35	6.19
Retained earnings	33.93	60.31	125.2
Dividend paid	3.005	3.684	10.08

The present price of the share in Mumbai stock market is Rs. 450. There is a rumour in the market that the ABC Company may issue bonus shares shortly. The investor wants the answers for the following:

- (a) Is there any ground for such rumour ?
- (b) Is the capital structure sound ?
- (c) Is it proper to purchase the share ?

Analyse the given data and advise him.

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