

Roll No.
3000 -/40/30/40

June - July 2019

Master of Business Administration (MBA) Examination

(Full Time) (New) Fourth Semester

FT-405F : INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT

(Max Marks 80)

Time 3 Hours]

Note : Attempt any four questions from Section A. Each question in this section carries 15 marks. Section B is compulsory and carries 20 marks.

Section A

1. Explain in detail the Financial and Economic aspects of Investment with suitable examples.
2. Mention factor models in Arbitrage Pricing Theory and explain in detail how asset selection is made using these models.
3. Discuss in detail how the key macro economic variable impact stock market with suitable examples
4. "Technical analysis appears to be a highly controversial approach to Security Analysis." Elaborate this statement with supporting arguments and from critics' point of view with suitable examples.
5. Elaborate on any two of the following:
 - (a) Assumptions of Markowitz Modern Portfolio Theory.
 - (b) Portfolio Diversification Based on Markowitz.
 - (c) Indexes of Economic Indicators used in Economic Analysis
6. Do accounting practices impact the earnings of a firm? Explain the impact of following combinations of accounting practices with suitable examples on reported earnings in an inflationary environment:

Depreciation Method	Inventory Method
a Straight Line	FIFO
b Declining Balance	LIFO
c Straight Line	LIFO

7. The return on Securities A and B are given below

Probability	Security A	Security B
0.5	0	4
0.4	3	2
0.1	3	0

Give the Security of your preference. The security has to be selected on the basis of return and risk.

Section B

8. Mr. Rajat is shortly going to retire from his job. He wants to invest his gratuity and provident fund money in the stock market. He is averse to the company's specific risk. In the market, it is assumed that the short-term treasury bills yield 6% interest rate. At the same time A+ grade CRISIL rated bonds have 12.5% return with the maturity period of 3 years. The beta and R^2 value for some common stocks are given below for one year period.

Company	Beta	R^2
BHEL	1.30	.51
L & T	1.40	.63
TELCO	1.47	.47
SBI	1.41	.57

He wants to choose a portfolio of two stocks and risk free asset. Frame the investment objectives and build a portfolio for him.