

INVESTMENT & PORTFOLIO MANAGEMENT

(For students admitted in 2010-11 only)

Time: 3 hours

Max Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Discuss the characteristics of investors, speculators and gamblers. Explain the impact of each on the investment programme process.
- 2 Write an essay on the functions of the new issue market and importance thereof in the context of industrial finance.
- 3 Explain the nature and methodology of technical analysis. What is the primary difference between "bar charting" and "point and figure" charting?
- 4 Define and explain the following:
 - (a) Revenue return.
 - (b) Capital appreciation.
 - (c) Holding period.
 - (d) Probability distribution.
- 5 State the meaning, rationale, procedure and limitations of the fundamental analysis.
- 6 Define Markowitz diversification. Explain statistical method used by Markowitz to obtain the risk reducing benefit.
- 7 Arun is considering the purchase of a bond currently selling at Rs. 878.50/-. The bond has four years to maturity, face value of Rs. 1000 and 8% coupon rate. The next annual interest payment is due after one year from today. The required rate of return is 10%.
 - (a) Calculate the intrinsic value of the bond. Should Arun buy the bond.
 - (b) Calculate the yield to maturity.
- 8 As a management trainee of financial institution you have to analyze the share prices of two companies along with the NSE index.

Company A	Company B	NSE
24.00	50.38	857.07
25.00	48.88	862.46
23.63	47.75	858.89
25.00	48.88	861.33
26.75	51.38	853.78
27.25	48.50	872.02
26.00	55.38	859.68
26.70	54.38	871.91
27.70	55.28	878.53
25.60	41.38	807.23
	48.30	877.72

- (a) In your opinion which one is having high systematic risk?
- (b) On the basis of return which company stock would you select?
