Galgotias College of Engineering and Technology, Greater Noida

Pre University Test (PUT) : Odd Semester 2023-24

Course/Branch: MBA	Semester	: III
Subject Name : Investment Analysis & Portfolio Management	Max. Marks	: 100
Subject Code : KMBNFM01	Time	: 180 min

CO-1 : *Emphasizing an understanding of the economic forces that influence the pricing of financial assets.*

CO-2 : *Understanding of investment theory will be stressed and tied in with discussion of applicable techniques such as portfolio selection.*

CO-3 : *The course material will cover formulae that can be applied in different business situations regarding active portfolio management.*

CO-4 : *To expose the students to the concepts, tools and techniques applicable in the field of security analysis and portfolio management.*

CO-5 : *To provide a theoretical and practical background in the field of investments.*

Q. No	COx	Question Description # Attempt ALL the questions. Each Question is of 2 marks	
1	a	CO1	Define the concept of capital markets and explain their importance in investment.	K1
	b	CO1	Classify primary markets and secondary markets with examples	K2
	c	CO2	Explain the concept of risk and its components in investment analysis	K2
	d	CO2	What is the role of beta in measuring portfolio risk?	K1
	e	CO3	Explain the Dow Theory in technical analysis.	K2
	f	CO3	What is the Efficient Market Hypothesis and its implications for investors?	K1
	g	CO4	Explain the Discounted Cashflow technique in equity valuation	K2
	h	CO4	What is the significance of bond valuation in investment analysis?	K1
	i	CO5	Explain Sharpe and Treynor performance measures in portfolio evaluation.	K2
	j	CO5	Define the role of mutual funds in portfolio management.	K1

Section – A # 20 Marks (Short Answer Type Questions)

Attempt ALL the questions. Each Question is of 2 marks (10 x 2 = 20 marks)

Section – B # 30 Marks (Long / Medium Answer Type Questions)

Attempt ALL the questions. Each Question is of 6 marks (5 x 6 = 30 marks)

Q.2 (CO-1) Elaborate the process of trading equity securities, including types of orders and margin trading
K6

OR

Discuss the role of regulatory systems in ensuring the smooth functioning of equity markets
K6

Q.3 (CO-2) Define the concept of risk and return. Determine the expected return of a portfolio with the following assets
K5

Asset A Expected return = 10%, Portfolio weight = 50%
Asset B Expected return = 8%, Portfolio weight = 50%

OR

Explain the role of beta in measuring systematic risk. Given the following information, Determine the beta of a stock
K5

Covariance between stock and market = 0.012
Variance of the market = 0.02

Q.4 (CO-3) Explain the **Dow Theory** and its significance in technical analysis for identifying market trends.
K5

OR

A stock's price chart shows multiple support levels at Rs 250 and resistance levels at Rs 280. Evaluate how these levels are used by traders to make investment decisions.
K5

Q.5 (CO-4). Explain the **Price-to-Earnings (P/E) Ratio** and its use in equity valuation. How does it help in comparing stocks of different companies?
K5

OR

A bond has a face value of Rs1,000, a coupon rate of 8%, and matures in 5 years. The market interest rate is 6%. Determine the bond's price using the **Present Value** method.
K5

Q.6 (CO-5) Explain the **Sharpe Ratio** and its significance in portfolio performance evaluation. How does it help investors compare different portfolios?
K5

OR

What is the role of portfolio revision in active portfolio management? Discuss methods used to optimize portfolios over time.
K6

Section – C # 50 Marks (Medium / Long Answer Type Questions)

Attempt ALL the questions. Each Question is of 10 marks

Q.7 (CO-1) Attempt any ONE question. Each question is 10 marks.
a. Explain the clearing and settlement procedures in securities trading with relevant examples
K5
b. Discuss the various types of investors in the equity market and their approaches to security analysis.
K6

Q.8 (CO-2) Attempt any ONE question. Each question is 10 marks
a. Explain the Markowitz's theory of portfolio selection by solving this problem:

- Asset A   Expected return = 12%, Standard deviation = 18%
- Asset B: Expected return = 8%, Standard deviation = 10%
- Correlation coefficient = -0.2

Determine the expected portfolio return and risk for equal weights of the two assets

b. Using the Single Index Model, Determine the return of a portfolio with the following data
K5

- Stock A Beta = 1.2, Expected return = 14%, Weight = 50%
- Stock B Beta = 0.8, Expected return = 10%, Weight = 50%
- Risk-free rate = 6%

Q.9 (CO-3) Attempt any ONE question. Each question is 10 marks

a. Discuss the **Efficient Market Hypothesis (EMH)** and its implications for technical analysis. Based on EMH, can past price movements and patterns predict future stock prices? Justify your answer with an example.
K6

b. Determine the expected return of a portfolio using **CAPM** with the following data
K5

- Risk-free rate = 4%
- Expected market return = 12%
- Stock A beta = 1.5
- Stock B beta = 0.8
- Portfolio weights Stock A = 60%, Stock B = 40%

Q.10 (CO-4) : Attempt any ONE question. Each question is 10 marks.

a Explain the Dividend Discount Model (DDM) and its importance in equity valuation. K5

b Discuss the concept of bond valuation and the factors affecting bond prices. K6

Q.11 (CO-5) : Attempt any ONE question. Each question is 10 marks

a. Discuss the role of the **mutual fund industry** in portfolio management. Highlight the advantages and challenges of investing in mutual funds compared to direct investments in securities. K6

b A portfolio has the following details: Portfolio return = 18%, Market return = 12%, Risk-free rate = 3%, Portfolio beta = 1.5. Determine **Jensen's Alpha** for the portfolio and explain its implications for portfolio performance. K5