

MBA 3rd Semester Examination, 2023

MBA

*(Investment Analysis and Portfolio
Management)*

PAPER – MBA-306(F)

Full Marks : 80

Time : 3 hours

The figures in the right hand margin indicate marks

*Candidates are required to give their answers in
their own words as far as practicable*

PAPER – MBA-306(F)

GROUP – A

Answer any **eight** questions of the following :
5 × 8

1. Discuss the concept of trend as per Dow theory.

2. What is speculation ? How does it differ from investment ? 3 + 2

3. Explain the concept of price charts as a tool for technical analysis.

4. What is holding period rate of return (HPROR) ? Calculate the HPROR for security X whose price rose from Rs. 210 to Rs. 273 during four years with no dividends received during the holding period. Also, calculate CAGR. 2 + 2 + 1

5. There are two securities E and F that have returns of 14% and 20% respectively. The correlation between them is (-) 0.55. If their standard deviations are 12% and 18% respectively, compute the portfolio return and risk if the investment ratio is 2 : 3.

6. Write a short note on open-ended and close-ended mutual funds.

7. Explain the concepts of business risk and financial risk.
8. Discuss the concept of MACD in the context of technical analysis.
9. You are required to compute 7-day RSI on the basis of the given information information :

| Day | Price (Rs.) | Day | Price(Rs.) |
|-----|-------------|-----|------------|
| 1 | 110 | 8 | 121 |
| 2 | 122 | 9 | 129 |
| 3 | 118 | 10 | 132 |
| 4 | 112 | 11 | 135 |
| 5 | 110 | 12 | 132 |
| 6 | 117 | 13 | 136 |
| 7 | 125 | 14 | 143 |

10. The following information is given to you regarding security A and market index :

| Retrun | 2019 | 2020 | 2021 | 2022 |
|--------|------|------|------|------|
| A | 12 | 15 | 21 | 18 |
| Market | 10 | 12 | 15 | 14 |

You are required to compute the correlation between A and market.

11. Explain the CAPM equation, It is mentioned that the risk-free rate of return and that of Nifty is 4% and 13% respectively. You are required to compute the expected return of two securities A and B having beta of 2.95 and 2.01 respectively using CAPM. What does the result imply ? 1 + 2 + 2
12. What are the basic characteristics of an efficient market ? Explain semi-strong form of market efficiency. 2 + 1

GROUP-B

Answer any **four** questions of the following :

10 × 4

13. (i) What are the differences between fundamental analysis and technical analysis ?

(ii) Explain the concept of resistance and support in technical analysis.

14. (i) What is portfolio revision ? Why is it necessary ?

(ii) Explain the concepts of active revision and passive revision. (3 + 3) + 4

15. (i) Discuss the concept of efficient frontier.

(ii) Fund managers play a vital role in the case of mutual funds. Explain. 5 + 5

16. (i) Write the assumptions of CAPM.

(ii) There are two securities I and N in a portfolio. The weight of investment ratio is 1 : 2. If the covariance between the two is 125, correlation coefficient is 0.50 and standard deviation of I is 25, compute the portfolio risk.

17. (i) The closing prices of equity shares of Hitech Ltd. (as on 31st March) are given below :

| Year | Price |
|------|---------|
| 2019 | Rs. 245 |
| 2020 | Rs. 255 |
| 2021 | Rs. 275 |
| 2022 | Rs. 285 |
| 2023 | Rs. 295 |

You are required to determine the yearly return and also determine the average return using arithmetic mean and geometric mean method (consider upto two places of decimal)

(ii) What are the advantages of investing in mutual funds ?

18. (i) Mr. Z wants to buy the share of XY Ltd. which has the record of paying dividends at a growing rate of 8% every year. The dividend amount paid two years back was Rs. 5. The expected prices in the next three years are Rs. 61, Rs. 75 and Rs. 61, Rs.75 and Rs. 79 respectively. Compute the intrinsic value of the share assuming that the cost of equity is 14% and dividend will continue or follow the same trend.
- (ii) Mr. Anil Bakshi is interested in investing in mutual funds. He gives you the following information :

| Fund | NAV on 01.6.2022 (Rs.) | NAV on 01.6.2023 (Rs.) | Dividend declared per unit (Rs.) |
|-------------|------------------------------|------------------------------|--|
| Wise | 85.40 | 115.00 | 0.80 |
| Intelligent | 88.50 | 80.40 | 1.10 |
| IQ | 76.30 | 86.40 | 0.70 |
| Smart | 65.40 | 75.50 | 1.00 |

It is also given the market return and risk-free rate of return are 4% and 18% respectively.

You are required to evaluate the funds based on non-risk adjusted measure.

5 + 5
