SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY:: PUTTUR
(AUTONOMOUS)
MBA II Year I Semester Supplementary Examinations August-2021
INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT

Time: **3 hours**   Max. Marks: **60**

SECTION – A
(Answer all Five Units **5 x 10 = 50** Marks)

UNIT-I

1	Discuss briefly the key steps involved in the portfolio management process.	**10M**

OR

2	Discuss the structure and function of financial markets.	**10M**

UNIT-II

3	Describe the key economic factors than an investor must monitor as part of his fundamental analysis	**10M**

OR

4	Technical analysis believes that an investor past price changes to predict the future Prices. How do they justify this belief?	**10M**

UNIT-III

5	Discuss the changes that have started taking place in the debt market in the post Liberalization scenario.	**10M**

OR

6	What are the basic valuation models of bonds? How do you calculate „Yield" on bonds?	**10M**

UNIT-IV

7	How would you determine the discount rate to be applied in the present value models of share valuation?	**10M**

OR

8	An IT company currently pays a dividend of Rs.5 per share on its equity shares. The dividend is expected to grow at 6 per cent per year indefinitely. Stocks with similar risk currently are priced to provide a 12 percent expected return. What is the intrinsic value of the stock?	**10M**

UNIT-V

9	Describe the different phases in portfolio management	**10M**

OR

10	Compare and contrast Capital Market line and Securities Market line.	**10M**

SECTION – B
(Compulsory Question)

1 x 10 = 10 Marks

The return of two assets under four possible states of nature are given below:

State of nature	Probability	Return on Asset 1	Return on Asset 2
1	0.10	5%	0%
2	0.30	10%	8%
3	0.50	15%	18%
4	0.10	20%	26%

a. What is standard deviation of the return on asset1? And asset 2?
b. What is the covariance between the return on assets1? And 2?
c. What is the coefficient of correlation between the returns on assets1 and 2?

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