(A1)

SARDAR PATEL UNIVERSITY
Fo.Y. BBA [ITM] EXAMINATION
2015
THURSDAY, March 5

10·30 am to 12·30 pm

Investment Analysis & Portfolio Management-II [UM08EBBI04]

NOTE: [1] Figures to the right indicate full marks of each question.
[2] All working notes are part of the answer.

Q1[a] Explain different concepts of value. [07]

Q1[b] The Honest Ltd's earnings and dividends have been growing at the rate [08]
of 12% per annum. This growth rate is expected to continue for 4 years.
After that the growth rate would fall to 8% for the next 4 years. Beyond
that the growth rate is expected to be 5% forever. If the last dividend
was Rs. 1.50 and the investors' required rate of return on the stock of
Honest Ltd is 14%, how much should be the market value per share of
the co.'s equity stock?

OR

Q1 Explain and illustrate : [15]
[1] Basic valuation model
[2] Yield to maturity
[3] Single period valuation

Q2[a] Discuss concept, basic premises and limitations of technical analysis? [10]

Q2[b] How is technical analysis different from fundamental analysis? [05]

OR

Q2 Write a note: [15]
[1] Dow Theory [2] Charting : The basic tool of technical analysis
[3] Elliott Wave Theory

Q3[a] Write a note on : Capital Asset Pricing Model. [07]

Q3[b] During the past five years, the returns of a stock were as follows: [08]

Year	1	2	3	4	5
Return	0.14	0.06	-0.18	0.12	0.20

Compute: Cumulative wealth index, Arithmetic mean, Geometric
mean, Variance, Standard deviation

OR

Q3[a] Write a note on : [1] Security Market Line, [2] Precise Measures of Risk [08]

Q3[b] Explain the following terms: [07]
1. Return relative
2. Risk elements
3. Real returns

Q4[a] "The market can be said to be informationally efficient if it does not let [10]
any one player in the capital market to profit abnormally from certain
information." Do you agree? Explain with reference to efficient market
theory.

Q4[b] "The NSE index is a good benchmark for portfolios in India." Do you [05]
agree?

OR

Q4[a] What are the different styles of investing? [10]

Q4[b] Write a note on: Random walk theory. [05]

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