

(A-11)

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SARDAR PATEL UNIVERSITY  
B.B.A. (ITM) SEMESTER: VIII EXAMINATION  
2016

Thursday, 21<sup>st</sup> April  
02:30 P.M. To 04:30 P.M.

UM08EBBI04: INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT- II

Total Marks: 60

Notes: 1. Figure to the right indicate full marks of question.

2. All questions carry equal marks.

3. Working notes are the part of answer.

- Q-1 (A) Explain the different concept of value. [05]  
(B) The expected dividend per share of RAM limited is Rs. 5, the dividend is expected to grow at 6% per year. If the price per share now is Rs. 50 what is expected rate of return? [05]  
(C) Describe briefly the concept of Yield to Maturity. [05]

OR

- Q-1 (A) Illustrate the basic valuation model. [05]  
(B) ABC limited has paid dividend of Rs.2 per share and dividend is expected to grow at 15% per annum for 3 years. After that the growth rate will fall to 10% for next 3 years. Thereafter, the growth rate is expected to be 5% forever. The investor's required rate of return is 9%, what is the intrinsic value per share? [05]  
(C) An investor holds the debenture of Rs. 100 carrying coupon rate 12% per annum. Interest is payable half yearly and redeemable after 6 years at a premium of 10%. Investor's required rate of return is 14% per annum, what will be present value of bond? [05]

- Q-2 (A) Difference between technical analysis and fundamental analysis. [05]  
(B) Explain Dow theory with the help of diagram. [05]  
(C) Discuss limitation of technical analysis. [05]

OR

- Q-2 Discuss the various price and volume charts of technical analysis. [15]

- Q-3 (A) Discuss the assumption and limitation of CAPM. [07]  
(B) During last five years, the return on stock were as follows: [08]

| Year   | 1    | 2     | 3    | 4    | 5    |
|--------|------|-------|------|------|------|
| Return | 0.20 | -0.10 | 0.18 | 0.12 | 0.16 |

Calculate: Cumulative wealth Index, Arithmetic Mean, Geometric Mean, Variance, Standard deviation.

OR

- Q-3 (A) Briefly explain systematic and unsystematic risk with illustration. [06]  
(B) The probability distribution of the rate of return of AAAA stock is given below: [05]

|             |      |     |     |     |     |
|-------------|------|-----|-----|-----|-----|
| Probability | 0.1  | 0.2 | 0.4 | 0.2 | 0.1 |
| Return (%)  | -10% | 5%  | 20% | 35% | 50% |

Find out the expected returns and the standard deviations.

- (C) Write a note on security market line. [04]
- Q-4 (A) Explain different forms of market efficiency. [07]  
(B) What are the methods of traditional portfolio selection? [08]

**OR**

- Q-4 (A) Difference between growth investing and value investing. [05]  
(B) Explain various measures of portfolio performance evaluation. [05]  
(C) What are the measures considered for a growth investment style? [05]

*All the Best*

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(2)