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SARDAR PATEL UNIVERSITY
BBA (ITM) SEM: VIII EXAMINATION

2016

FRIDAY, 13th MAY

02.30 P.M. to 04.30 P.M.

UM08EBBI04: INVESTMENT ANALYSIS & PORTFOLIO MANAGEMENT - II

Total Marks: 60

Note: Figures to the right indicate marks of question.

- Q:1[A] Explain and illustrate bond value theorems. [10]
 [B] The current price of company's share is Rs 75 and dividend per share is Rs 5. Calculate growth rate, if its capitalization rate is 12%. [05]

OR

- Q:1[A] A company earned Rs.6 per share and paid Rs.3.48 per share as dividend in the previous year. Its earnings and dividend are expected to grow at 15 % for 6 years and then at a rate 8 % forever. The capitalisation rate is 18%. What is the intrinsic value per share? [06]
 [B] A Rs.100 par value bond carry a coupon rate of 12% and matures after 7 years. Interest is payable semi annually. Compute the value of bond if required rate of return is 16%. [05]
 [C] Explain: [04]
 1) Going concern value
 2) Liquidation value.

- Q:2[A] What is technical Analysis? How it differs from fundamental analysis? [09]
 [B] Explain Dow theory with the help of diagram. [06]

OR

- Q:2[A] List out different type of charts used in technical analysis and explain candlestick chart with figure. [09]
 [B] State basic assumptions of technical analysis. [06]

- Q:3[A] Write a note on: Capital Assets Pricing Model (CAPM). [09]
 [B] During past five years, the returns of a stock were as follows: [06]

Year	Return
1	0.07
2	0.03
3	-0.09
4	0.06
5	0.10

Calculate 1) Arithmetic average 2) CWI 3) Geometric average

OR

- Q:3[A] Explain elements of risk with suitable examples. [08]

- [B] Consider the two stocks A and B for which returns under different conditions of economy are given as below. Find out expected return and standard deviation for each stock. [07]

Condition of Economy	Prob.	Return (%)	
		Stock A	Stock B
Boom	0.30	16	40
Normal	0.50	11	10
Recession	0.20	6	-20

- Q:4[A] Explain the two styles of investing: Growth investing and value investing. [10]

- [B] Write a note on: Portfolio risk and return. [05]

OR

- Q:4[A] List out various formula plans available to an investor and explain any one from it. [08]

- [B] Compare random walk theory and efficient market theory. [07]

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