

SEAT No. _____

No. of Printed Pages: 02

[A-26]

SARDAR PATEL UNIVERSITY

B.B.A. [ITM] Examination, VIII Semester [NC-2010 BATCH]

Friday, 20th April, 2018

Session: Evening Time: 2.00 p.m. To 4.00 p.m.

Subject Code: UM08EBBI04

Subject: Investment Analysis & Portfolio Management-II

Total Marks: 60

- Q1[a] The current dividend paid by a company is Re. 1 which is expected to grow at 12% p.a. for next 5 years after which it is expected to grow at 6% perpetually. Find out the value of the share if the investors require a minimum return of 10%. [07]
- Q1[b] Briefly explain the bond value theorems. [08]

OR

- Q1[a] Assume [i] Rs. 100 par value, [ii] 8% coupon rate of interest, and [iii] 10 years remaining to maturity date. [07]
- If interest is paid annually, find the value of the bond when the required rate of return is 7%.
 - Using 10% required return, what would be the value of the bond if interest is paid semiannually?
- Q1[b] 15% Preference shares of Rs.100 each are being traded in the market. Find out the fair value of the share if: [04]
1. These are irredeemable and required rate of return of the investor is 16%.
 2. These are redeemable after 3 years at Rs.105 and the required rate of return is 14%.

Q1[c] Explain the various concepts of bond. [04]

Q2 Write a note : [1] Price and volume charts [2] Pattern analysis [15]

OR

Q2[a] What is technical analysis? What are the basic premises of technical analysis? How is it different from fundamental analysis? [10]

C.P.T.O.

Q2[b] Write a brief note on Charting as a basic tool of technical analysis. [05]

Q3[a] An investor is evaluating two investment options. Both have equal returns but the probabilities of occurring these returns in the two proposals are different. The returns and probabilities are: [10]

Return (%)	Probability X	Probability Y
13	0.1	0.1
16	0.2	0.4
22	0.3	0.3
25	0.4	0.2

Find out the expected return from both proposals. Also evaluate the risk of these returns.

Q3[b] Explain the concepts of Total return, Return Relative and Cumulative Wealth Index. [05]

OR

Q3[a] Explain the sources of risk with examples. [08]

Q3[b] Calculate the arithmetic mean and geometric mean from the following information: [07]

Year	Security I Return (%)	Security II Return (%)
1	20	30
2	12	12
3	14	18
4	3	0
5	1	-10

4[a] Discuss the three forms of the Efficient market theory. [10]

4[b] Briefly explain portfolio risk and return. [05]

OR

4 Discuss in detail the growth investing and value investing styles of investment. [15]

— x —