SARDAR PATEL UNIVERSITY
BBA (ITM) SEM: VIII EXAMINATION
TUESDAY, 16th APRIL 2019
02:00 P.M. to 04:00 P.M.
UM08EBBI04: INVESTMENT ANALYSIS & PORTFOLIO MANAGEMENT – II

Total Marks: 60

Note: Figures to the right indicate marks of question.
All working notes are part of the answer.

Q:1[A] Explain bond value theorems with suitable examples.   **[09]**

[B] A company is currently paying dividend of Rs. 4.24 per share. The dividend is expected to grow at 18 % for 5 years and then at a rate 12 % forever. The capitalization rate is 14%. What is the present value per share?   **[06]**

OR

Q:1[A] The current market price of Rs.1000 par value bond carrying coupon rate of 8% and maturing after 5 years is Rs.1020.Calculate yield to maturity for the bond.   **[05]**

[B] Following information is available in respect of bond: **[05]**

Face Value	Rs.1000
Life	4 year
Required rate of return	10%
Interest Rate	8%
Maturity	@ par

a) How much price an investor should be ready to pay for the bond if interest is payable bi-annually?
b) What will be price of bond if interest is payable annually?

[B] What is constant growth model? What are the limitations of constant growth model?   **[05]**

Q:2 What is technical analysis? Explain different type of charts used in technical analysis to predict future behaviour of share price.   **[15]**

OR

Q:2[A] State basic premises and limitations of technical analysis.   **[08]**

[B] Differentiate between technical analysis and fundamental analysis.   **[07]**

Q:3[A] During past five years, the returns of a stock were as follows: **[08]**

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

Calculate:
1) Arithmetic average 2) CWI 3) Variance 4) Standard Deviation

[B] Explain systematic and unsystematic risk with suitable example.   **[07]**

OR

Q:3[A] Write a note on: Capital Assets Pricing Model (CAPM). [08]

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

Condition of Economy	Prob.	Return (%)	
		Stock A	Stock B
Recession	0.20	-15	20
Normal	0.50	20	30
Boom	0.30	60	40

Q:4[A] Explain growth investing as styles of investing. [08]

[B] List out various formula plans available to an investor and explain **any** [07] **one** from it.

OR

Q:4[A] Explain in brief efficient market theory with its three forms. [08]

[B] Elucidate random walk theory. [07]

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