Krishna Kanta Handiqui State Open University

MBA 4th Sem. Examination, 2014

Investment Management (Finance) Paper - 15

Time : 3 Hrs. Full Marks : 80

1. Answer any five from the following questions $2\times5=10$
(each within 50 words)
   (a) What do you mean by investment?
   (b) Define Risk.
   (c) What is sinking fund?
   (d) What is Zero Coupon Bonds?
   (e) What do you mean by market value of shares.
   (f) What do you mean by portfolio?
   (g) What are the objectives of portfolios?
2. Answer any three from the following questions $4\times3=12$
(each within 100 words)
   (a) Mention various features of stock.
   (b) What are the differences between investment and speculation.
   (c) List features of debt instruments?
   (d) List the provisons of SEBI Act concerning convertible bonds.
   (e) Write a note on Traditional approach of portfolio construction.
3. Answer any three from the following questions $6\times3=18$
(each within 250 words)
   (a) Why issue of bond is beneficial for a company?
   (b) Discuss the single index model of portfolio construction.
   (c) Discuss about securities market line and capital market line.

   (d) Explain constant Growth Model and Multistage Grwoth Model of stock valuation with examples.
   (e) How would you immunize the bond portfolio using immunization technique?
4. Answer any four from the following questions $10\times4=40$
(each within 400 words)
   (a) Discuss about various negatiable securities available to the investors in the Indian capital Market.
   (b) Discuss about different types of risk associated with investment. What is Beta and how beta is used in estimating returns? Discuss.
   (c) Discuss about different types of bonds.
   (d) What do you mean by duration. Explain the relationship between duration and price change.
   (e) Stock A and B display the following returns over the past three years

	Return	
Year	A	B
2004	14	14
2005	16	18
2006	22	12

   (i) What is the expected return on a portfolio made up of 40% of A and 60% of B.
   (ii) What are the standard deviation of each stock.
   (iii) Determine the correlation co-efficient of stock A and B.

   (f) Explain the sharpe Index Model. How does it differ from the Markowitz model.