

Internal Assessment Test - I

Sub:	INVESTMENT ANALYSIS & PORTFOLIO MANAGEMENT				Code:	MBA FM314	
Date:	3-12-2025	Duration:	90 mts	Max Marks:	50	Sem:	III

SET- II

Part A - Answer Any Two Full Questions (2* 20 = 40 marks)

- 1 (a) Differentiate between bullish and bearish market
- (b) Identify and explain the critical attributes of a sound investment.
- (c) Outline the advantages of investing in mutual funds. What are the different mutual fund schemes available in India? What is NAV and how do mutual funds compute the NAV of a fund?

2 (a) What is a stock market index? Explain its purpose

(b) Illustrate about the security form of investment avenues. How are these different from non-security form of investment avenues?

(c) What is risk? Discuss different types of risk? How an investor can mitigate the risks?

3 (a) What is a Zero coupon bond?

(b) 364-days treasury bill of face value Rs 1000 were issued to a bank at 7% discount to face value. The bank holds these for 91 days and sells at a discount of 6.2% to face value. Calculate the following

1. Yield realized by the bank without any transaction cost involved
2. If the transaction cost at the time of sales is Rs.0.05 per treasury bill, then compute the yield realized by the bank
3. Calculate yield if bank sells after 182 at a market price of 95.60 with a transaction cost of Rs. 0.05 per bill

Part B – Compulsory (01*10=10 marks) – CASE STUDY

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(a) Mr. Murali holds the following portfolio

Share	Beta	Investment
Alpha	0.6	Rs.3,00,000
Beta	1.0	Rs.1,80,000
Carrot	1.2	Rs.1,20,000

What is the expected rate of return on his portfolio, if the risk-free rate is 6% and the expected return on market portfolio is 15%?

(b)	Suppose the required rate of return on a portfolio with beta of 1.2 is 18% and the risk-free rate is 6%. According to the CAPM.	[5]	CO2	L4							

- i. What is the expected rate of return on the market portfolio?
- ii. What is the expected return of a zero beta security?
- iii. Suppose you choose to buy a stock Z for Rs.50. The stock is expected to pay Rs.2 as dividend next year and is hoped to sell at Rs.53. The stock has been evaluated at beta = -0.5. Is the stock fairly priced? What is the implication of including stock Z in the portfolio?
- iv. A stock Delta, with beta of 1.5, sells for Rs.50. One year from now, it is expected to yield a dividend income of Rs.6. What price do investors expect after one year?

Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4
CO1:	Understand the capital market and various Instruments for Investment.	1a, 1b, 1c, 2a, 2b, 2c					1a, 1b, 1c, 2a, 2b, 2c			
CO2:	Assess the risk and return associated with investments and methods to value securities.			3a, 3b, 3c, 4a, 4b			3a, 3b, 3c, 4a, 4b			
CO3:	Analyze the Economy, Industry and Company framework for Investment.									
CO4:	Learn the theories of Portfolio management and also the tools and techniques for efficient portfolio management.									
CO5:										
CO6:										

Cognitive level	KEYWORDS
L1 - Remember	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2 - Understand	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate, interpret, discuss
L3 - Apply	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4 - Analyze	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5 - Evaluate	assess, decide, choose, rank, grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6 - Create	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data-based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;
PSO1- Comprehend Contemporary features of Business Management Science and its administration
PSO2- Analyze and interpret the dynamic situations for making Business Management strategies
PSO3- Handle responsibility with the ethical values for all actions undertaken by them
PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.

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CCI

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