

**SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY:: PUTTUR  
(AUTONOMOUS)**

**MBA II Year I Semester Regular & Supplementary Examinations December-2023  
INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT**

Time: 3 hours

Max. Marks: 60

**SECTION – A**

(Answer all Five Units 5 x 10 = 50 Marks)

**UNIT-I**

1 Distinguish between Investment, Speculation, Gambling. CO1 L1 10M

**OR**

2 a Describe briefly the wide array of investment avenues. CO1 L1 5M

b What qualities are required for successful investing? CO1 L1 5M

**UNIT-II**

3 Discuss and compare the main features of fundamental and technical analysis. CO2 L1 10M

**OR**

4 a Explain charts in technical analysis. CO2 L3 5M

b Explain Rate Of Change [ROC]. CO2 L4 5M

**UNIT-III**

5 a What is meant by the duration of the bond? CO3 L2 5M

b Find the duration of the bond whose face value is 100, maturity period is 6 years, coupon rate is 12 percent and YTM is 10%. CO3 L5 5M

**OR**

6 a State and explain the basic bond valuation model. CO3 L2 5M

b State the valuation formula for a bond which pays interest semi-annually. CO3 L2 5M

**UNIT-IV**

7 a The equity stock of XYZ limited is currently selling for Rs. 30 per share. The dividend expected next year is Rs.2.00. the investors' required rate of return on this stock is 15%. What is the expected growth of XYZ limited if the constant growth model is used? CO4 L4 5M

b Explain dividend discount model for multi- period. CO4 L2 5M

**OR**

8 What are the discounted cash flow techniques of equity valuation? CO4 L2 10M

**UNIT-V**

9 What is portfolio? Explain the process of portfolio. CO5 L2 10M

**OR**

10 The return of two assets under four possible states of nature are given below: CO5 L5 10M

State of nature	Probability	Return on Asset 1	Return on Asset 2
1	0.10	5%	0%
2	0.30	10%	8%
3	0.50	15%	18%
4	0.10	20%	26%

What is the standard deviation of returns on Asset1? And Asset 2?

**SECTION – B**  
(Compulsory Question)

11

[L3, CO2] 1 x 10 = 10 Marks

Probability distribution of the Rates of Return on BHARAT FOODS and ORIENTALSHIPPING stocks are given below.

State of the economy	probability of occurrence	Rate of return (%)	
		Bharat foods	Oriental shipping
Boom	0.30	16	40
Normal	0.50	11	10
Recession	0.20	6	-20

From the above probability distribution of the rate of return calculate two key parameters, the expected rate of return and the standard deviation rate of return.

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