V Semester B.B.A. Degree Examination, Nov./Dec. 2017
(F+R) (CBCS) (2016-17 and Onwards)
BUSINESS ADMINISTRATION
5.3 : Investment Management

Time : 3 Hours                              Max. Marks : 70

Instruction : Answers should be written in English only.

SECTION – A

Answer any five of the following sub-questions. Each sub-question carries two marks. (5x2=10)

1. a) What is Beta of a Stock?
   b) Give the meaning of Risk.
   c) Define portfolio.
   d) Give the meaning of ‘Mutual Funds’.
   e) Expand FCCB.
   f) What do you mean by Capital Gain?
   g) Mention any four Mutual Fund Companies in India.

SECTION – B

Answer any three of the following questions. Each question carries six marks. (3x6=18)

2. Briefly explain ADR’s.

3. Explain company analysis under Fundamental Analysis of securities.

4. Briefly explain Markowitz Model of portfolio management.

5. Write a short note on:
   a) Options
   b) Futures and
   c) Forwards.

P.T.O.
6. From the following details, compute expected rate of returns.

<table>
<thead>
<tr>
<th>Situation</th>
<th>Probability</th>
<th>Returns (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>0.4</td>
<td>8</td>
</tr>
<tr>
<td>Deflation</td>
<td>0.3</td>
<td>6</td>
</tr>
<tr>
<td>Normal</td>
<td>0.3</td>
<td>7</td>
</tr>
</tbody>
</table>

**SECTION – C**

Answer any three of the following questions. Each question carries fourteen marks.

(3\times 14 = 42)

7. Explain the different types of risks in detail.

8. Explain the capital market instruments.


11. From the following information calculate

   a) Expected rate of returns and

   b) Risk in terms of standard deviation.

<table>
<thead>
<tr>
<th>Returns (%)</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>0.25</td>
</tr>
<tr>
<td>32</td>
<td>0.18</td>
</tr>
<tr>
<td>28</td>
<td>0.22</td>
</tr>
<tr>
<td>26</td>
<td>0.17</td>
</tr>
<tr>
<td>24</td>
<td>0.18</td>
</tr>
</tbody>
</table>
V Semester B.B.A. Degree Examination, November/December 2016 (CBCS) (Fresh) (2016 – 17 & Onwards) BUSINESS ADMINISTRATION 5.3 : Investment Management

Time : 3 Hours Max. Marks : 70

**Instruction:** Answer should be written in English only.

**SECTION – A**

Answer any five of the following sub questions. Each sub question carries two marks. (2x5=10)

1. a) What is systematic risk?
   
   b) Give any four examples for capital market securities.
   
   c) Define fundamental analysis.
   
   d) Differentiate between call option and put option.
   
   e) State any four mutual fund companies in India.
   
   f) What is beta coefficient?
   
   g) Mr. X has a perpetual bond of the face value of ₹1,000. He receives an interest of ₹80 annually. What would be its value if the required rate of return is 12%?

**SECTION – B**

Answer any three of the following questions. Each question carries six marks. (6x3=18)

2. Explain the types of money market securities.

3. State the assumptions of Markowitz theory.

4. Write short notes on :
   
   a) Index fund
   
   b) Exchange traded fund
   
   c) Open-ended mutual fund.

5. Briefly explain different types of financial derivatives.
6. From the following details comment on the performance of funds as per Sharpe Index and Treynor index.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Return (%)</th>
<th>Standard Deviation (%)</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>12</td>
<td>18</td>
<td>0.7</td>
</tr>
<tr>
<td>Y</td>
<td>19</td>
<td>25</td>
<td>1.3</td>
</tr>
<tr>
<td>M (Market Index)</td>
<td>15</td>
<td>20</td>
<td>1.0</td>
</tr>
</tbody>
</table>

The risk free rate of return is 7%.

SECTION – C

Answer any three of the following questions. Each question carries fourteen marks.

7. What is fundamental analysis? Explain the role of economic factors in fundamental analysis.

8. Define portfolio management process and explain the steps involved in it.

9. What is industry analysis? State the objectives and components of industry analysis.

10. What do you mean by ‘mutual funds’? Explain the advantages of and risk associated with mutual funds.

11. A stock costing ₹ 250 has not paid any dividend for the year. The possible prices that the stock might sell for at the end of the year with the respective probabilities are as follows:

<table>
<thead>
<tr>
<th>Price (₹)</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>115</td>
<td>0.1</td>
</tr>
<tr>
<td>120</td>
<td>0.1</td>
</tr>
<tr>
<td>125</td>
<td>0.2</td>
</tr>
<tr>
<td>130</td>
<td>0.3</td>
</tr>
<tr>
<td>135</td>
<td>0.2</td>
</tr>
<tr>
<td>140</td>
<td>0.1</td>
</tr>
</tbody>
</table>

a) Calculate expected rate of return.

b) Calculate the standard deviation of returns.