



P.E.S. College of Engineering, Mandya - 571 401

(An Autonomous Institution affiliated to VTU, Belagavi)

Third Semester, Master of Business Administration (MBA)

Semester End Examination; February / March - 2022

Investment Management

Time: 3 hrs

Max. Marks: 100

Note: i) Answer all **FOUR** full questions from **PART - A** and **PART - B** (Case Study) is compulsory
ii) Scientific calculator and PV&FV tables are allowable

Q. No.	Questions	Marks	BLs	COs	POs																						
PART - A																											
1 a.	Distinguish between Investment and Speculation.	10	L2	CO1	PO1																						
b.	Explain the attributes that an investor should consider while evaluating an investment.	10	L2	CO1	PO1																						
OR																											
2 a.	How is technical analysis different from fundamental analysis?	10	L1	CO4	PO3																						
b.	Explain the key macro economic variables and their impact on stock market.	10	L2	CO4	PO3																						
3 a.	XYZ Ltd. earnings and dividends have been growing at a rate of 18% p.a. This growth rate is expected to continue for 4 years. After that the growth rate will fall to 12% for next 4 years. Thereafter the growth rate is expected to be 6% forever. If the last dividend per share was Rs. 2 and the investor's required rate of return on XYZ equity is 15% what is the intrinsic value per share?	10	L1	CO3	PO3																						
b.	What is Random walk theory? What does it project in its weak form semi-strong form and strong form?	10	L1	CO5	PO2																						
OR																											
4 a.	Explain the methods of raising capital from primary market through equity?	10	L2	CO1	PO1																						
b.	Who are the parties involved in the new share?	10	L1	CO1	PO2																						
5 a.	Distinguish between Capital market and Money market.	10	L2	CO1	PO1																						
b.	Explain the detail Japanese candle stick pattern.	10	L2	CO4	PO3																						
OR																											
6 a.	What are the tools used in technical tools analysis.	10	L1	CO4	PO3																						
b.	Calculate RSI for the following data:																										
	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>Days</td> <td>4</td> <td>6</td> <td>7</td> <td>8</td> <td>11</td> <td>12</td> <td>13</td> <td>14</td> <td>18</td> <td>19</td> </tr> <tr> <td>Price</td> <td>300</td> <td>304</td> <td>319</td> <td>317</td> <td>319</td> <td>333</td> <td>331</td> <td>332</td> <td>348</td> <td>346</td> </tr> </table>	Days	4	6	7	8	11	12	13	14	18	19	Price	300	304	319	317	319	333	331	332	348	346	10	L3	CO4	PO3
Days	4	6	7	8	11	12	13	14	18	19																	
Price	300	304	319	317	319	333	331	332	348	346																	
7 a.	Explain the process of investment in details.	10	L2	CO1	PO1																						
b.	Explain the major stock market Indices in India.	10	L2	CO1	PO1																						

OR

Contd... 2

- 8 a. What are the risks involved in Bonds? 10 L1 CO2 PO4
- b. A company stock is currently selling at Rs. 25 per share. The stock is expected to pay Rs. 1 as dividend per share at the end next year. It is estimated that the stock will be available for Rs. 29 at the end of 1 year.
- i) Is it advisable to buy at the present price if required rate of return is 20%? 10 L4 CO3 PO3
- ii) If the investor requires 15% return, when the dividend remain constant. What should be the price at the end of the first year?

PART - B (Case Study Compulsory)

9. Sujith is considering two bonds IGI Flexy Bond and CCP Safety Bond. Both the bonds have 5-years to maturity and face value Rs.1000 IGI Flexy Bond offers coupon rate of 8% payable annually whereas CCP safety bonds has a coupon rate of 16% payable annually. Bonds are traded at a yield of 12% and 8% respectively. Calculate;
- i) Intrinsic value 6 L3 CO2 PO4
- ii) Duration of bond 10 L3 CO2 PO4
- iii) Modified duration 4 L3 CO2 PO4

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