



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

(An Autonomous Institution affiliated to VTU, Belgaum)

Third Semester - Master of Business Administration (MBA)

Semester End Examination; Dec. - 2015

Investment Management

Time: 3 hrs

Max. Marks: 100

Note: Answer all **FIVE** full questions.

- 1 a. Discuss the attributes that one should consider while evaluating an investment. 10
- b. Explain the structure of securities Market in India. List out the participants in the Securities Market. 10

OR

- 2 a. Differentiate between Primary and secondary Market. 10
- b. Distinguish between an investor and speculator. 10
- 3 a. Explain the various techniques of fundamental equity valuation. 10
- b. The Current dividend on an equity share of XYZ Ltd is Rs.3.00 The company is expected to grow at above average growth rate of 40% for 5 years. There after the growth will fall and stabilize at 12% equity investors require a return of 15% for XYZ's stock. What is the intrinsic value of the equity share? 10

OR

- 4 a. Explain free cash flow method of equity valuation process. 10
- b. Explain any five valuation ratios of equity valuation. How do they assist investor's decision? 10
- 5 a. Explain the procedures for credit rating. Justify the objective for credit rating and the beneficiaries of the process. 10
- b. Brief expectation theory, liquidity preference theory and preferred habitat theory and the market segmentation theory. 10

OR

- 6 a. A market price of a Rs.1000 par value Bond carrying a coupon rate of 14 percent and maturing after five years is Rs. 1050. What is the YTM on this bond? What will be the released yield to maturity if the reinvestment rate is 12 percent? 10
- b. Discuss the key determinants of interest rates. 10
7. a. Explain the various Macro-economic indicators used in Fundamental Analysis. 10
- b. Brief the techniques used to analyse the industry. 10

OR

8. a. Explain the techniques of Moving average analysis. What buy and sell signals are provided by it. 10
- b. Explain the following technical indicators : 10
- i) New highs and lows
 - ii) Volume
 - iii) Short interest ratio
 - iv) Mutual Fund liquidity
 - v) Put/ call ratio
- 9.a. Distinguish the three levels of market efficiency. What are the statistical tests that are employed for the purpose of efficient market? 10
- b. The following information is available on bond. 10
- Face value Rs.100
- Coupon rate 12% payable annually
- Years of maturity: 6
- Current market price Rs. 110
- Calculate the duration of the bond. Use appropriate formula for calculating YTM.

OR

- 10.a. What is the economic process that produces a Random walk? 10
- b. Explain Active & passive theory or strategy used in bond port folio management. 10

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