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School of Business

**Integrated Bachelor of Business Administration - Master of Business Administration
Semester End Examination - Nov 2023**

**Duration : 180 Minutes
Max Marks : 100**

Sem IX - MBFI6012 - Investment Analysis and Portfolio Management*General Instructions*

Answer to the specific question asked

Draw neat, labelled diagrams wherever necessary

Approved data hand books are allowed subject to verification by the Invigilator

- 1) Define the term expected return. K1 (2)
- 2) Explain Bar Chart and how do they depict the price movements of an asset over a specific time frame? K2 (4)
- 3) Can you Summarize the key features and benefits of a tax-saving scheme, and how does it differ from other investment options? K2 (6)
- 4) Explore various categories of mutual funds, encompassing equity funds, bond funds, index funds, and balanced funds, across dimensions of both risk and potential returns. K3 (9)
- 5) Apply the concept of Beta and Alpha in passive versus active portfolio management strategies. Provide examples of how each measure contributes to the effectiveness of both approaches in meeting specific investment goals. K3 (9)
- 6) Evaluate the difference between Bar Chart and Line chart. Also, Shed light on limitation of Bar and Line chart. K5 (10)
- 7) Security J has a beta of 0.75 while security K has a beta of 1.45. Analyse the expected return for these securities, assuming that the risk free rate is 5 per cent and the expected return of the market is 14 per cent. K4 (12)

8) 1. Following are data for Anand Products (Rs in lakhs)

K5 (15)

1998		1998	
Assets	6000	Revenues	6600
Short term Liabilities	450	Operating Exp.	5950
		EBIT	650
8% Debenture	1250	Interest	150
10% Bonds	500	EBT	500
Common Stock (` 10 par)	3500	Taxes	200
Surplus	300	Dividend	50

1.

1. Find out the following ratios:

1. Asset turnover
2. Effective interest rate
3. Effective tax rate
4. Debt/equity ratio
5. Dividend payout rate

2. What growth rate of EBIT can be expected?

9) Mahima wants to invest in the one of the three companies given below. She is very particular about the current financial position of the company. She believes that no company should be considered for investment unless it has a good current financial position. You are asked to examine the following data and choose a company for her. Current financial analysis of X, Y, Z companies

K5 (15)

Ratio	X		Y		Z	
	1998	1999	1998	1999	1998	1999
Current Ratio	2.1	2.5	2.0	2.26	2.71	2.53
Acid test Ratio	1.27	1.42	1.38	1.50	1.90	1.76
Composition of current assets %						
Cash	13	13	34	29	34	34
Receivables	38	36	24	26	33	32
Inventory	45	47	33	35	31	31
Other Current Assets	4	4	9	10	2	3
Net sales to inventory	3.90	3.77	4.45	4.23	5.65	5.25
Net sales to working Capital	3.29	2.97	3.10	2.81	2.87	2.85

10) 6. The estimates of the standard deviations and correlation co-efficient for three stocks are given below: Stock Standard deviation Correlation with stock A B C A 32 1.00 -0.80 0.40 B 26 -0.80 1.00 0.65 C 18 0.40 0.65 1.00 If a portfolio is constructed with 15 per cent of stock A, 50 per cent of stock B and 35 per cent of stock C, what is the portfolio's standard deviation?

K6 (18)