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Paper Code : FM 401 INVESTMENT ANALYSIS & PORTFOLIO MANAGEMENT

UPID : 004688

Time Allotted : 3 Hours   *Full Marks :70*

The Figures in the margin indicate full marks.
Candidate are required to give their answers in their own words as far as practicable

Group-A (Very Short Answer Type Question)

1. Answer any ten of the following :   [1 x 10 = 10]

   (I)   --------------- measures the Interactive Risk between two securities

   (II) Stock of Rs.10 face value has declared 35% dividend for the current year. The stock is currently selling for Rs. 40 . What is its dividend yield?

   (III) --------------- is a measure of Volatility or Systematic risk of a security compared to market as a whole

   (IV) Capital Market Line every investment is -----------------

   (V)   What are the different types of Public issues of securities?

   (VI) What are the various types of Dividend in Equity valuation model?

   (VII) The retention rate equals 100 percent less the percent of the corporation's earnings paid out for ----------

   (VIII) -------------- is shown first when the assets are arranged in the order of their liquidity?

   (IX) Initial Public Offer (IPO) is ----

   (X)   ------------is based on tips, rumors and hunches, unplanned and without knowledge of the exact nature of risk.

   (XI) ------------describes the relationship between systematic risk and expected return for assets, particularly stocks.

   (XII) ----------------market efficiency declares that current security prices even reflect all information in the "Insiders" domain

Group-B (Short Answer Type Question)

Answer any three of the following :   [5 x 3 = 15]

2. What is Technical Analysis ?   [5]

3. Discuss the Efficient Market hypothesis   [5]

4. A Rs.100 par value bond bearing a coupon rate of 12%, will mature after 5 years. What is the value of the bond, if the discount rate is 15% . Given that $PVIFA_{15\%, 5y} = 3.352$ and $PVIF_{15\%, 5y} = 0.497$.   [5]

5. What is coefficient of determination ?   [5]

6. Explain the Security Market Line (SML).   [5]

Group-C (Long Answer Type Question)

Answer any three of the following :   [15 x 3 = 45]

7. (a) (a) Mr. Alex is considering the purchase of a bond currently selling at Rs 878.50. The bond has 4   [10]
    years to maturity, face value of Rs. 1000 and 8% coupon rate. The next annual interest payment is
    due after one year from today. The required rate of return is 10% .
    i) Calculate the intrinsic value (present value) of the bond. Should Mr Alex buy the bond?
    ii) Calculate the yield to maturity of the bond.

    (b) (b) Discuss briefly Dow Theory.   [5]

8. Critically analyse   [15]
    (a) Arbitrage Pricing Theory
    (b) Support & Resistance Levels

9. Critically explain the Efficient Market Hypothesis   [15]

10.
Year	Stock R (Return %)	Stock R (Return %)
1	10	12
2	16	18

[15]

a) Expected Return on a Portfolio made up of 40% R and 60 % S.

b) What is Std. Dev of each stock

c) What is Covariance of Stock R & S

d) What is Correlation of Stock R & S

e) Portfolio Risk

11. (a) What are the three forms of market efficiency? State their implications.   [9]

    (b) Explain Elliot Wave theory.   [6]

*** END OF PAPER ***