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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA - IEV

SEM: III - THEORY EXAMINATION (2024 - 2025)

Subject: Investment Analysis and Portfolio Management

Time: 3 Hours

Max. Marks: 100

General Instructions:

IMP: Verify that you have received the question paper with the correct course, code, branch etc.

1. This Question paper comprises of three Sections -A, B, & C. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.

2. Maximum marks for each question are indicated on right -hand side of each question.

3. Illustrate your answers with neat sketches wherever necessary.

4. Assume suitable data if necessary.

5. Preferably, write the answers in sequential order.

6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.

SECTION-A

20

1. Attempt all parts:-

- 1-a. The following is NOT a characteristic of investment (CO1,K1) 1
- (a) Involves deployment of funds
 - (b) Aims to generate returns
 - (c) Involves immediate consumption
 - (d) Involves risk
- 1-b. The meaning of investment in the context of finance (CO1,K1) 1
- (a) Expenditure on current consumption
 - (b) Expenditure on assets that generate returns
 - (c)) Expenditure on liabilities
 - (d) Expenditure on revenue-generating activities
- 1-c. The primary goal of fundamental analysis in capital market analysis is (CO2,K2) 1
- (a) To predict short-term price movements
 - (b) To evaluate a company's financial health and growth prospects
 - (c) To identify market trends and patterns
 - (d) To analyze economic indicators and their impact on the market
- 1-d. The following economic indicators is most closely watched by investors in the capital market(CO2,K2) 1
- (a) GDP growth rate
 - (b) Inflation rate

- (c) Unemployment rate
- (d) Interest rates
- 1-e. The primary goal of valuation in finance is (CO3,K3) 1
- (a) To determine the market value of a company
- (b) To determine the intrinsic value of a company
- (c) To determine the book value of a company
- (d)) To determine the liquidation value of a company
- 1-f. valuation methods is based on the present value of future cash flows.(CO3,K2) 1
- (a) Discounted Cash Flow (DCF) method
- (b) Comparable Company Analysis (CCA) method
- (c) Balance Sheet Valuation method
- (d) Asset-Based Valuation method
- 1-g. A a type of risk(CO3,K1) 1
- (a) Systematic risk
- (b) Unsystematic risk
- (c) Credit risk
- (d) All of the above
- 1-h. Systematic risk is (CO4,K2) 1
- (a) The risk that is unique to a particular company or industry
- (b) The risk that affects the entire market or economy
- (c) The risk that is associated with a particular investment
- (d) The risk that is not associated with any investment
- 1-i. The Sharpe ratio is known as(CO5,K3) 1
- (a) A measure of a portfolio's return relative to its beta
- (b) A measure of a portfolio's beta relative to its return
- (c)) A measure of a portfolio's diversification
- (d) A measure of a portfolio's liquidity
- 1-j. The Treynor ratio is (CO5,K23) 1
- (a) Ex-post evaluation
- (b) Ex-ante evaluation
- (c) Both A and B
- (d) Neither A nor B
2. Attempt all parts:-
- 2.a. Explain meaning and objectives of investments.(CO1,K1) 2
- 2.b. Define fundamental analysis. Also explain its main objectives(CO2,K2) 2
- 2.c. Explain the CAPM help in estimating the expected return on an investment(CO3,K3) 2
- 2.d. Explain systematic risk . Also mention its difference from unsystematic 2

	risk.(CO4,K4)	
2.e.	Define performance evaluation.(CO5,K5)	2
<u>SECTION-B</u>		30
3.	Answer any <u>five</u> of the following:-	
3-a.	Distinguish between investment, gambling, and speculation. Explain the differences in their objectives, risk levels, and potential returns.(CO1,K2)	6
3-b.	Define the characteristics of investment.(CO1,K1)	6
3-c.	Explain the concept of Dow theory. Discuss its importance in understanding market trends.(CO2,K2)	6
3-d.	Explain the concept of gap wave theory. Discuss its importance in understanding market trends.(CO2,K2)	6
3.e.	Discuss the limitations of the CAPM. Explain the implications of these limitations for investment decision-making.(CO3,K2)	6
3.f.	Explain the different components of risk, including systematic risk and unsystematic risk. Discuss the importance of each component in investment decision-making.(CO4,K2)	6
3.g.	Write a note on different type of mutual fund.(CO5,K2)	6
<u>SECTION-C</u>		50
4.	Answer any <u>one</u> of the following:-	
4-a.	Distinguish between investment, gambling, and speculation.(CO1,K2)	10
4-b.	Mention the role of financial planning in the investment process? Explain how financial planning helps investors make informed investment decisions.(CO1,K2)	10
5.	Answer any <u>one</u> of the following:-	
5-a.	Define the different types of economic indicators. Explain the importance of each indicator in understanding the macroeconomic environment.(CO2,K2)	10
5-b.	Discuss the role of financial ratios in company analysis. Explain how financial ratios help analysts understand a company's financial health.(CO2,K3)	10
6.	Answer any <u>one</u> of the following:-	
6-a.	Define P/E Ratio, DPS Ratio, Dividend yield ratio in security Analysis decision making process.(CO3,K2)	10
6-b.	Explain the discounted cash flow (DCF) technique of valuing equity. Discuss the importance of estimating the cost of capital and the growth rate of cash flows.(CO3,K1)	10
7.	Answer any <u>one</u> of the following:-	
7-a.	Explain the beta. Beta is a measure of risk than the standard deviation.(CO4,K2)	10
7-b.	Define Markowitz diversification. Explain the statistical methods used by Markowitz to obtain the risk reducing benefit.(CO4,K4)	10
8.	Answer any <u>one</u> of the following:-	
8-a.	Distinguish between Treynor and Sharpe indices of portfolio performance.	10

Critically(CO5,K2)

- 8-b. From the given portfolio 10
Manager of Different Portfolio Average Annual Return Portfolio Standard
Deviation Correlation Co- efficient (CO5,K3)
- | | | | |
|--------|-----|----|-----|
| A | 18% | 27 | 0.8 |
| B | 14% | 18 | 0.6 |
| C | 15% | 8 | 0.9 |
| Market | 13 | 12 | |
- Risk free rate of Interest is 9
- Rank these portfolios using sharp's and Treyno's method
 - Compare both the indices

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