VI Semester B.B.M. Examination, April/May 2015
(Semester Scheme)
(2014-15 and Onwards) (Fresh)
BUSINESS MANAGEMENT
Paper – 6.5 : Elective Paper – III : Investment and Portfolio Management

Time : 3 Hours　　　　　　　　　　　　　　　　　Max. Marks : 100

*Instruction : Answers should be written in **English** only.*

SECTION – A

1. Answer **any eight** questions. **Each** question carries **two** marks.　　(8×2=16)

　a) What is the meaning of Investment ?

　b) What is an Arbitrage ?

　c) How is Earning Per Share calculated ?

　d) State two assumptions of technical analysis.

　e) What is Alpha coefficient ?

　f) What is efficient portfolio ?

　g) What is Single-index Model ?

　h) How do you calculate Treynor's measure ?

　i) What is GDR ?

　j) Expand NASDAQ and BSE.

SECTION – B

Answer **any three** questions. **Each** question carries **eight** marks.　　(3×8=24)

2. Distinguish between investment and speculation.

3. Explain briefly fundamental analysis.

P.T.O.

4. What is APT ? What are its assumptions ?

5. Pearl and Diamond are two mutual funds. Pearl has a mean success of 0.15 and Diamond has 0.22. The Diamond has double the beta of Pearl fund's 1.5. The standard deviations of Pearl and Diamond funds are 15 % and 21.43 %. The mean return of market index is 12 % and its standard deviation is 7. The risk free rate is 8 %

   a) Compute the Jensen Index for each fund and

   b) Compute the Treynor Index for each funds.

SECTION – C

Answer question no. 10 and any 3 of the remaining. Each question carries 15 marks.   (4×15=60)

6. Explain in detail the Dow theory and how is it used to determine the direction of stock market.

7. What is FCCB ? Explain its features, benefits to companies and investors.

8. The risk and return of two projects is given below. The correlation coefficient is + 1.0. Mr. Ram plans to invest 70 % of his funds in Project 'A' and 30 % in Project 'B'. Find out risk and return. Project 'A' has an expected return 12 % and risk of 3 % where as Project 'B' has a return of 20 % and risk of 7 %.

9. The return on two securities 'A' and 'B' are given below. Select the security according to risk and return.

Probability	Return	
	A	B
0.50	5	1
0.40	4	3
0.10	0	3

10. Distinguish between risk and uncertainty. Explain the types of risk.