NS – 510

V Semester B.B.A. Degree Examination, November/December 2016
(CBCS) (Fresh)
(2016 – 17 & Onwards)
BUSINESS ADMINISTRATION
5.3 : Investment Management

Time : 3 Hours Max. Marks : 70

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

SECTION – A

Answer **any five** of the following sub question. **Each** sub question carries **two** marks. **(2×5=10)**

1. a) What is systematic risk ?
   b) Give any four examples for capital market securities.
   c) Define fundamental analysis.
   d) Differentiate between call option and put option.
   e) State any four mutual fund companies in India.
   f) What is beta coefficient ?
   g) Mr. X has a perpetual bond of the face value of ₹ 1,000. He receives an interest of ₹ 80 annually. What would be its value if the required rate of return is 12% ?

SECTION – B

Answer **any three** of the following questions. **Each** question carries **six** marks. **(6×3=18)**

2. Explain the types of money market securities.

3. State the assumptions of Markowitz theory.

4. Write short notes on :
   a) Index fund
   b) Exchange traded fund
   c) Open-ended mutual fund.

5. Briefly explain different types of financial derivatives.

P.T.O.

6. From the following details comment on the performance of funds as per Sharpe Index and Treynor index.

Fund	Return (%)	Standard Deviation (%)	Beta
X	12	18	0.7
Y	19	25	1.3
M (Market Index)	15	20	1.0

The risk free rate of return is 7%.

SECTION – C

Answer **any three** of the following questions. **Each** question carries **fourteen** marks. **(14×3=42)**

7. What is fundamental analysis ? Explain the role of economic factors in fundamental analysis.

8. Define portfolio management process and explain the steps involved in it.

9. What is industry analysis ? State the objectives and components of industry analysis.

10. What do you mean by 'mutual funds' ? Explain the advantages of and risk associated with mutual funds.

11. A stock costing ₹ 250 has not paid any dividend for the year. The possible prices that the stock might sell for at the end of the year with the respective probabilities are as follows :

Price (₹)	Probability
115	0.1
120	0.1
125	0.2
130	0.3
135	0.2
140	0.1

a) Calculate expected rate of return.

b) Calculate the standard deviation of returns.

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