

BALLARI INSTITUTE OF TECHNOLOGY & MANAGEMENT

(Autonomous Institute under Visvesvaraya Technological University, Belagavi)

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Course Code

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Third Semester MBA Degree Examinations, February 2026

INVESTMENT MANAGEMENT

Duration: 3 hrs

Max. Marks: 100

- Note:** 1. Answer any FOUR full questions from Question No. 1 to 7.
2. Question No. 8 is compulsory
3. Missing data, if any, may be suitably assumed

<u>Q. No</u>	<u>Question</u>	<u>Marks</u>	<u>(RBTL:CO:PO)</u>
1	a. What do mean by fundamental analysis?	03	(3 :3 : 4)
	b. Bring out the difference between Investment and Speculation.	07	(4 :1 : 1)
	c. List out any four ratios used for analyzing the profitability of a company along with their formula.	10	(4 :3 : 4)
2.	a. What causes market risk?	03	(3 :2 : 2)
	b. Briefly explain any five capital market investment instrument and its benefits to an investor.	07	(4 :1 : 1)
	c. Consider a portfolio of 4 securities: The table below shows the basic inputs:	10	(5 :4 : 4)

Security	Wt	Alpha	Beta	Residual variance (e_i^2)
1	0.2	2	1.2	320
2	0.3	1.7	0.8	450
3	0.1	0.8	1.6	270
4	0.4	1.2	1.3	180

Market return of 16.4 %, Market variance of market index is 196.
Calculate portfolio risk and portfolio return.

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|----|---|----|------------|
| 3. | a. What is a beta? What does it indicate? | 03 | (3 :2 : 2) |
| | b. Discuss the key economic variables and their impact on stock market. | 07 | (4 :3 : 4) |
| | c. Following data gives the market return and hypothetical company returns for a particular period. | 10 | (5 :5 : 3) |

Market return (%)	7	5	6	5	6	8	5	8	4
Hypothetical company (%)	3	6	3	6	4	5	6	3	5

Find Beta co-efficient and Alpha for the stock.

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| 4. | a. Describe behavioural finance. | 03 | (3 :3 : 4) |
| | b. What is meant by stock exchange? What are the functions of stock exchange? | 07 | (4 :1 : 1) |
| | c. A company is expected to pay a dividend of Rs. 4 per share next year. Its dividends are expected to grow at 15 % for the next 5 years and then at the rate of 10 % indefinitely. Find out the present value of its equity share, if the capitalization rate is 12 %. | 10 | (5 :5 : 3) |
| 5 | a. Summarize the meaning of undervalued and overvalued shares. | 03 | (3 :5 : 3) |

- b. Investor has a portfolio consists of 2 securities. The following market value and beta of stocks are given: **07 (5 :5 : 3)**

Stock	Market value (Rs)	Beta
Axis Bank	200,000	1.16
HDFC Bank	100,000	1.20

If the risk-free rate of interest is 9 % & market return is 15 %, what is the portfolio expected return and portfolio risk?

- c. A bond has a face value of Rs.1000. It has a 10 % coupon rate and a maturity period of 5 years. What would be the price of the bond, if the required rate of return is (i) 12 % (ii) 14 % **10 (5 :5 : 3)**
6. a. State the excel formula for mean and standard deviation. **03 (3 :2 : 2)**
 b. Describe: (i) Simple regression (ii) Multiple regression (iii) Correlation **07 (3 :2 : 2)**
 c. The annual returns of stocks of X Ltd and Y Ltd for a period of five years are as follows **10 (5 :2 : 2)**

Return of X Ltd (%)	15	20	10	12	14
Return of Y Ltd (%)	18	12	5	20	17

- (i) Calculate the average returns of stocks of X Ltd and Y Ltd.
 (ii) What are the standard deviation of the returns of these stocks?

7. a. State portfolio construction. **03 (3 :4 : 3)**
 b. How do the following tools of technical analysis guide to predict the trends? **07 (4 :3 : 4)**
 (i) Bar chart (ii) Line chart
 (iii) Moving average (iv) Relative strength Index
 c. Given the following information Portfolio **10 (5 :5 : 5)**

	Portfolio A	Portfolio B	Portfolio C	Portfolio D
Beta	1.10	0.8	1.8	1.4
Return %	14.5	11.25	19.75	18.5
Std Dev %	20.0	17.5	26.3	24.5

Risk free rate of return is 5; Market Return is 12 %. Calculate Sharpe ratio, Treynor ratio and Jensen ratio

8. **Case Study** **(5 :5 : 2)**
 For the given return.

Probability	0.2	0.3	0.4	0.1
ACC Ltd	10	7	3	20
Bharti Enterprises	12	18	-6	20

- a. Calculate the return & risk for ACC Ltd & Bharti Enterprises. Identify the better stock for investment among the given. Also calculate covariance between the two stocks. **10**
- b. Assuming proportion of investment (w_i) in ACC Ltd 0.4 & Bharti Enterprises 0.6. Calculate Portfolio return and risk. **10**

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