[A-21]

SEAT No.________

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SARDAR PATEL UNIVERSITY
BBA (ITM) SEM: VIII EXAMINATION
2017
WEDNESDAY, 19th APRIL
02.00 P.M. to 04.00 P.M.
UM08EBBI04: INVESTMENT ANALYSIS & PORTFOLIO MANAGEMENT – II

Total Marks: 60

Note: Figures to the right indicate marks of question.
All working notes are part of the answer.
All questions carry equal marks.

Q:1[A] Explain bond value theorems with suitable examples. [10]

[B] Krupa Ltd. propose to issue 5 year debenture of Rs.1,000 each, redeemable in equal installments at 14% rate of interest per annum. If an investor has a minimum required rate of return of 12%, calculate the present value of debenture. [05]

OR

Q:1[A] Solve the following problems: [10]

1) A company is currently paying dividend of Rs.2 per share. The dividend is expected to grow at a rate of 15% p.a. for 3 years and then it falls to 10% for next 3 years after which it is expected to grow at 5% forever. What is the present value of the share if the capitalization rate is 9%?

2) Ashapura Ltd. expect to pay dividend of Rs. 7 next year which is expected to grow at 6%.It retains 30% of earnings. Assume a capitalization rate of 10%.You is required to calculate: (i) the expected EPS next year (ii) return on equity (iii) the value of growth opportunities.

[B] What is constant growth model? What are the limitations of constant growth model? [05]

Q:2 Explain different type of charts used in technical analysis to predict future behaviour of share price. [15]

OR

Q:2[A] Write brief note on: [10]

1) Dow Theory
2) Elliott Wave Theory

[B] Differentiate between technical analysis and fundamental analysis. [05]

Q:3[A] Explain systematic and unsystematic risk with suitable example. [08]

[B] During past five years, the returns of a stock were as follows: [07]

Year	Return
1	0.07
2	0.03
3	-0.09
4	0.06
5	0.10

Calculate 1) Arithmetic average 2) Geometric average 3) Variance

OR

Q:3[A] Explain capital assets pricing model (CAPM) with its assumptions and limitations. [08]

[B] Ms Khushi invested in equity shares of Janki Ltd. Its anticipated returns and associated probabilities are given below: [07]

Return (%)	Prob.
-15	0.05
-10	0.10
5	0.15
10	0.25
15	0.30
20	0.10
30	0.05

You are required to calculate the **expected rate of return** and risk in terms of **standard deviation**.

Q:4[A] Explain the two styles of investing: Growth investing and value investing. [10]

[B] Write a note on: Portfolio risk and return. [05]

OR

Q:4[A] List out various formula plans available to an investor and explain **any two** from it. [10]

[B] Explicate random walk theory. [05]

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