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**MASTER OF BUSINESS ADMINISTRATION
(MBACT)**

**Term-End Examination
June, 2012**

MCTE-035 : INVESTMENT ANALYSIS

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions.

All questions carry equal marks.

1. Define the term 'investment' as it relates to securities investment. As an investment advisor what features would you suggest to be included in the investment bunch of a client ? Explain these features briefly.
2. "An increase in a firm's liquidity ratio means the firm is well-managed and safe. This will always increase its multipliers". Is this statement true, false or uncertain ? Explain.
3. Define the Efficient Market Hypothesis in each of its three forms. Does the Random Walk theory suggest that security price levels are random ? Explain.
4. How do operations on a stock exchange affect the economic life of a nation ? Is it necessary to control the stock exchange ?

5. Outline the features of a rights issue of equity capital and suggest, why this method of issuing fresh equity may be preferred by shareholders ?
 6. The technical analyst places a great deal of importance on supply and demand in stock pricing. Presumably the fundamental analyst also believes that supply and demand are important. In what ways do the two groups disagree on the subject ?
 7. Define *efficient frontier*. Explain how the efficient frontier is determined using Markowitz Model ? Use a two - security approach.
 8. What do you understand by the term portfolio management ? Under what conditions is it possible to construct a portfolio of two risky securities which ensures riskless return ? Find the proportions of two securities in such a portfolio ?
 9. Why should real estate investment analysis start with a definition of objectives ? How can adding real estate to your investment portfolio decrease your overall risk ? Explain.
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