

**EXECUTIVE MASTER OF BUSINESS
ADMINISTRATION (EXMBA)**

Term-End Examination

December, 2011

00693

**MCTE-088 : INVESTMENT ANALYSIS OF
PORTFOLIO MANAGEMENT**

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. Describe how the term 'risk' is used to depict the behaviour of certain investments. Differentiate between low-risk and high-risk investments.
2. Write an essay on the functions of the New Issue Market and importance thereof in the context of industrial finance.
3. What are the risks associated with investing in bonds ? To which type (s) of risk are all bond investors exposed ? Other things being equal, why should an investor prefer a discount Bond over a bond selling above par.

4. "The most important index in financial market is the stock index, which uses a set of stock that are representation of the whole market, or a specified sector, to measure the change in the overall behaviour of the market or sector over a period of time." Do you agree ?
5. What are the factors that have to be taken into account when pricing a new issue of shares ? Why is it more difficult to determine the value of an equity share as opposed to finding the value of a bond ?
6. Define the following :
- (a) Money risk
 - (b) Credit risk
 - (c) Inflation risk
 - (d) Currency risk and the,
 - (e) Political risk.
- Which of these risks are minimised by investing in money market instruments ? Can a money market investor avoid all of the above risk factors ?
7. Are future market prices predictable on the basis of past price behaviour ? Explain the nature and methodology of trend analysis. What is the primary difference between 'bar charting' and 'point and figure' charting ?

8. "Sharpe's index will rank the performance of a group of investments about the same way that would be ranked if they were ranked purely in terms of their average holding period return; this is because the average holding return is given more weight than is risk in Sharpe's index". Comment on this statement.

 9. Describe the process of bond portfolio immunization and note why an investor would want to immunize a portfolio. Would you consider portfolio immunization to be a passive investment strategy, comparable to, say, a buy-and-hold approach? Explain.
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