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

Term-End Examination

June, 2012

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

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. Why do individuals invest ? What factors contribute to the rate of return that investors require on an investment ?
2. What is a market index ? Outline its utility for security analysis. Give two different methods used to weight indexes.
3. Discuss the concept of investment company. What is the difference between closed-end and open-end investment companies ?
4. Define credit rating. What are the advantages and disadvantages of credit rating ? Discuss the factors affecting assigning the credit rating to securities.

5. What does the term *duration* mean to bond investor, and how does the duration on a bond differ from its maturity ? What is the modified duration and how is it used ?
 6. What is the role of new information in the pricing of securities ? Explain how the concept of new information relates to the efficient market hypothesis. What does the efficient market hypothesis imply with respect to
 - (a) technical market analysis,
 - (b) fundamental analysis, and
 - (c) portfolio policy of investors ?
 7. Why is reward-to-variability ratio a more appropriate measure of performance than the ex post alpha if the portfolio being assessed represents the entire wealth of the portfolio's owner ?
 8. Describe the structure of interest rates in the Indian money market. Which instrument anchors the market and appears to be the foundation for other interest rates ? Can you explain why this is so ?
 9. Identify the relationship between the security market line and the characteristic line. Under capital asset pricing model (CAPM), at what common point do the characteristic lines of individual securities intersect ?
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