

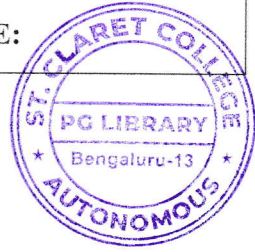
St. Clare College

Autonomous, Bengaluru

PG END SEMESTER EXAMINATION-MAY 2026
MBA THIRD SEMESTER
MBADSF 3525: Investment Analysis and Management

ROLL NO:

DATE:



TIME: 3 hours.

MAX. MARKS: 70

This paper contains THREE printed pages and FOUR parts

Instructions:

1. Verify and ensure that the question paper is completely printed.
2. Any discrepancies or questions about the exam paper must be reported to the COE within 1 hour after the examination.
3. Students must check the course title and course code before answering the questions.

PART-A

Answer SEVEN questions out of NINE. Each answer carries TWO marks.

[2x7 = 14]

1. State the meaning of 'right but no obligation' for a put option buyer.
2. Mention any four non-marketable financial instruments.
3. How to use discounting factor for investing decision?
4. Assume a stock has a 60% probability of rising, 25% probability of falling, and 15% probability of remaining unchanged in the next hour. Explain how a market participant can design a trading strategy to profit from this expectation?
5. What is the role of interest rate changes in financial market?
6. Define the terms 'long' and 'short' in financial markets.
7. An investor allocates funds to land and residential property expecting capital appreciation over the next 10 years. Mention any two risks associated with such an investment
8. Write two significances of Efficient Frontier in portfolio selection.
9. A stock was purchased at ₹1230 last year. If the required return is 10% and no dividend is paid, calculate the required current market price.

PART-B

Answer any FOUR questions out of SIX. Each answer carries FIVE marks.

[5x4=20]

10. Artificial Intelligence possesses significantly superior computational and logical reasoning capabilities compared to average human intelligence; how does AI help market participants enhance their investment and trading performance? Explain with suitable examples.

11. Ms. Radha purchases a bond at a price of ₹900 with an annual coupon payment of ₹100 and sells it for ₹1,000 at the end of the holding period. Calculate her Holding Period Return. Further, if the bond is sold for ₹750 after receiving the same coupon payment of ₹100, calculate the Holding Period Return in this case as well.
12. Briefly explain the concept of arbitrage and strategy with reference to stock prices listed on NSE and BSE.
13. Market price of a Max share ₹500, number of equity share is ₹ 5,00,000. The profits available for the equity shareholders is ₹ 20,00,000. Compute price-earnings ratio.
14. Rahul is planning to invest in a bond whose current market price is ₹8,785.07. The bond has a maturity period of 5 years, a face value of ₹10,000, and a coupon rate of 8% per annum. Annual interest payments are due one year from today. If the appropriate discount rate for investments of similar risk is 10%, calculate the intrinsic value of the bond and determine whether the bond is fairly valued, undervalued, or overvalued.
- | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| PV @10% | 0.9091 | 0.8264 | 0.7513 | 0.6830 | 0.6209 | 0.5645 | 0.5132 | 0.4665 | 0.4241 | 0.3855 |
15. Select one sector in the Indian economy for investment. Justify your selection with reference to its growth prospects and sustainability factors.

PART-C

Answer any TWO questions out of FOUR. Each answer carries TEN marks.

[10X2=20]

16. Portfolio revision is a crucial aspect of investment management, as changing market conditions, investor objectives, and risk-return expectations often require adjustments in existing portfolios. Discuss the various methods of portfolio revision adopted by investors and critically evaluate their respective merits and demerits.
17. An investor wants to build a portfolio with the following four stocks. With the given details, find out his portfolio return and portfolio variance. The investment is spread equally over the stocks.

Company	Alpha	Beta	Residual Variance
ABB	0.17	0.93	45.15
BDL	2.48	1.37	132.25
NCC	1.47	1.73	196.28
LTF	2.52	1.17	51.98

Market Return = 11% Market Return Variance = 26

18. In the modern financial system, derivatives are widely used as strategic instruments for managing and minimizing various forms of financial risk. Critically examine the role of derivatives as an effective hedging tool, and illustrate your answer with suitable examples of Futures and Options contracts.
19. A) Mr. Arun has decided on purchasing securities of JK Ltd. He requires to earn 15% in the next year. Beta value of the company is 1.5. Risk-free rate is 8% and market return is 15%. Suggest what should be his decision about the purchase.
- B) Mr. Kiran purchased stock at Rs. 7,000. The same share is having a net worth of Rs. 10,000 at the end of the year. The shareholder receives a dividend of Rs. 500. Calculate the total return earned by Mr. Kiran.

PART-D

Answer the following.

[16X1=16]

20. A. Using the data provided, calculate the Sharpe Ratio for each mutual fund and evaluate which fund has delivered superior risk-adjusted performance. Risk free rate is 5%

Mutual Fund	Expected Rate of Return	Standard Deviation (SD)
NF Hybrid	10%	19
NPP Growth	15%	30
IB Large Cap	8%	14

- B. Analyze the performance of three mutual funds using Sharpe's Ratio, Treynor's Ratio, and Jensen's Alpha.

Mutual Fund	Observed Return	Beta	Residual Value
MO	15%	1.5	0.03
SG	18%	1.8	0
AB	20%	1.6	0.05

Market Return = 12%, Market Variance = 64
