

B.V. Patel Institute of Business Management, Computer & Information Technology
Uka Tarsadia University
2nd Internal Examination, BBA - 5th Semester
030030514: Investment Analysis & Portfolio Management

Marks: 50
Time: 2 hrs.

Date: 13/10/2017

Q-1 Answer the following. (Any Five)

[10]

1. Write any two objectives of selection of portfolio in detail.
2. Briefly discuss any two problems when portfolio is spreading across too many assets.
3. Write any four assumptions of CAPM.
4. What is the significance of volume in technical analysis?
5. What is breadth of market?
6. How do moving average help to evolve buy and sell strategy?

Q-2 Answer the following. (Any Two)

[20]

1. Ms. Shraddha wants to invest in the stocks of Justdial Ltd. and Wipro Ltd. The returns expected from each company and their probabilities of occurrence, are given in the table.

	Just Dial Ltd.	Wipro Ltd.
Return %	11 or 7	20 or 8
Probability	0.5 each return	0.5 each return

Find out expected return, variance and standard deviation of each stock.

Suppose Shraddha hold two third of Justdial and one third of Wipro Ltd, then find out return (R_p) and portfolio risk (σ_p) of Sradhha's portfolio. Also give your viewpoint for this investment.

2. Mr. Shikhar likes to invest in the stock market. He selected two stocks for investment namely BF Utility Ltd. and Bharat Forge Ltd. Both the stocks have yielding following returns for the past two years.

Year	Return %	
	JP Ltd.	Yes Ltd
2001	12	14
2002	18	12

- a. What is the expected return on portfolio made up of 60 per cent of JP Ltd. and 40 per cent of Yes Ltd?
 - b. Find out the standard deviation of each stock.
 - c. What is the covariance and co-efficient of correlation between two stocks?
 - d. What is the portfolio risk of a portfolio made up of 50 per cent of JP Ltd. and 50 per cent of Yes Ltd?
3. A financial analyst is analyzing two investment alternatives of Riddhi Ltd. and Siddhi Ltd. the estimated rates of return and their chances of occurrence for the next year are given in the table below.

Probabilities of occurrence	Rates of Return	
	Axay Ltd.	Siddhi Ltd.
0.20	22%	5%
0.60	14%	15%
0.20	-4%	25%

Q-3 Answer the following in detail. (Any Two)

[20]

1. Explain the steps involved in the traditional approach to portfolio construction.
2. Explain the Sharpe Index model? How does it differ from Markowitz model?
3. Write a short note on following RSI and MACD.