APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

MBA T4 (Regular and Supplementary) Examination, November 2020

Course Code: FIN-T4-5

Course Name: Investment Management

Max. Marks: 60   Duration: 3 Hours

PART-A

Answer all questions. Each question carries 2 marks.

Write short notes on:

1.	Difference between Investment and Speculation with an example	(2)
2.	Depository receipts with example	(2)
3.	Binomial Pricing Model	(2)
4.	Net Present Value	(2)
5.	Features of Commercial Paper	(2)

PART B
Answer any three questions. Each question carries 10 marks.

6.	Explain Money Market Instruments in the Indian context. How do they ensure liquidity in the money market?	(10)
7.	Explain the functions of New Issue Market. How capital formation takes place in the New Issue Market?	(10)
8.	What do you mean by YTM in bond valuation? State its relevance in investment management.	(10)
9.	Discuss a derivative contract. How do options differ from futures?	(10)
10.	Explain the term interest rate risk of a bond. How can an investor manage this risk?	(10)

PART C

Compulsory Question. The question carries 20 marks.

11.   i.   What are the criticisms against beta?   (5Marks)   (20)

       ii.   Returns data for a period of ten days (in per cent) for Tata Motors Ltd and
             S&P BSE Sensex are as follows:

Calculate beta for the share prices of Tata Motors Ltd. using regression model. Give
your comments on beta value of this share. (15 Marks)

Date	Share Price of Tata Motors Ltd	Value of S&P BSE Sensex	Share Price of Tata Motors Ltd (Change in Per cent)**X**	Value of S&P BSE Sensex (Change in Per cent)**Y**
23-Oct-19	132.65	39058.83	-----	-----
24-Oct-19	133.45	39020.39	-0.01	0.38
25-Oct-19	126.95	39058.06	0.06	-0.38
27-Oct-19	147.95	39250.2	-0.21	-1.92
29-Oct-19	172.55	39831.84	-0.25	-5.82
30-Oct-19	171.85	40051.87	0.01	-2.20
31-Oct-19	177.7	40129.05	-0.06	-0.77
01-Nov-19	174.9	40165.03	0.03	-0.36
04-Nov-19	172.15	40301.96	0.03	-1.37
05-Nov-19	172	40248.23	0.00	0.54
06-Nov-19	174.35	40469.78	-0.02	-2.22