

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST -2 EXAMINATIONS-2022

B.Tech-VIII Semester (All Branches)

COURSE CODE: 14B1WHS833

MAX. MARKS: 25

COURSE NAME: INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT

COURSE CREDITS: 3

MAX. TIME: 1 Hour 30 Min

Note: All questions are compulsory. Marks are indicated against each question in square brackets.

1. Write short notes on (max 30 words): [1x5 = 5] (CO1)
 - a) Key differences between common stock and preferred stock.
 - b) Coupon rate?
 - c) T+2 means?
 - d) Spot market and Future market
 - e) Repurchase Agreement
2. What are different ways of raising equity capital? Discuss them briefly. [3] (CO4)
3. "Speculation is the undertaking of a risky investment for its risk premium. The risk premium has to be large enough to compensate a risk-averse investor for the risk of the investment". Discuss the statement with example. [4] (CO2)

Use the following scenario analysis for Stocks X and Y to answer the questions given below:

	Bear Market	Normal Market	Bull Market
Probability	0.2	0.5	0.3
Stock X	-20%	18%	50%
Stock Y	-15%	20%	10%

- a) What are the expected rates of return for Stocks X and Y? [2x3 = 6](CO3)
 - b) What are the standard deviations of returns on Stocks X and Y?
 - c) Assume that of your Rs. 1,00,000 portfolio, you invest Rs. 90,000 in Stock X and Rs. 10,000 in Stock Y. What is the expected return on your portfolio?
5. Suppose you are in a 20% tax bracket and your investments provide a nominal return of 10% while inflation runs at 6%, calculate: [3+2 = 5] (CO5)
- a) Your after-tax real interest rate.
 - b) Assuming your investment is Rs 1,00,000, what will be your total return.
6. You have made an investment in the stock by purchasing it at Rs 250 per share. After keeping it for three years and getting dividend of Rs 20, Rs 25 and Rs 30, you sold the same at Rs 300. What return you've generated on your investment? [2] (CO2)