**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**FOURTH TRIMESTER (Batch 2020-22)**

**END TERM EXAMINATION, OCT-2021**

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| Course Name | **Investment Management** | Course Code | **FIN 402** |
| Max. Time | **2 hours** | Max. Marks | **40** |

**INSTRUCTIONS:**

1. The exam is to be conducted in the computer lab
2. All analysis to be written in SOFT copy (MS WORD) along with the excel sheets

**Questions.1 (2+3= 5 Marks)**

A bond is trading currently at a price of Rs 98.75 has a maturity of 10 years. Its coupon is 8% of par value of Rs 100. Compute the yield to maturity (YTM). If the YTM changes by ± 2% points, what will be the impact on its prices? Evaluate your results.

**Questions.2 (35 Marks)**

Refer to the “Data\_123” in excel file and answer the following:

1. It consists of daily prices of 6 stocks and NSE. Calculate and interpret the beta of these stocks. (2 marks)
2. Refer to the “Data\_123” in excel file. Compute the expected return, Sharpe Ratio and standard deviation of equal weighted portfolio (Assume the risk-free rate is 6.5% per annum) (10 Marks)
3. Optimize the portfolio created in Q3 above assuming no short selling is allowed. If you drop the stock with least beta, does it increase the Sharpe ratio? (13 Marks)
4. Compute and evaluate the Relative Strength Index (RSI) of SBI and Revathi assuming 70/30 bands. Do you find any signal of overbought or oversell?(10 Marks)