**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

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

**END TERM EXAMINATION, OCT-2021**

|  |  |  |  |
| --- | --- | --- | --- |
| 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 (2 Marks)**

Refer to the “Data\_123” in excel file. It consists of daily prices of 6 stocks and NSE. Calculate the beta of these stocks.

**Questions.3 (10 Marks)**

Refer to the “Data\_123” in excel file. Calculate the expected return, Sharpe Ratio and standard deviation of equal weighted portfolio (Assume the risk-free rate is 6.5% per annum)

**Questions.4 (13 Marks)**

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?

**Questions.5 (10 Marks)**

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?