**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

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

**END TERM RE-IMPROVEMENT EXAMINATION, FEB-2022**

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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 Marks)**

A bond is trading currently at a price of Rs 101.25 has a maturity of 15 years. Its coupon is 8.25% payable quarterly. Compute the duration and yield to maturity (YTM). If the YTM changes by ± 50 basis points, what will be the impact on its prices? Evaluate your results.

For Q2-Q4, use “Data\_123” in Excel. It consists of monthly prices of 3 stocks and an index.

**Questions.2 (5 Marks)**

Calculate the beta of these stocks. Which of these stocks is the riskiest and why?

**Questions.3 (15 Marks)**

Calculate the expected return, Sharpe Ratio and standard deviation of the portfolio constructed with 20% in X, 30% in Y and 50% in Z. (Assume the risk-free rate is 6.5% per annum). Plot the efficient frontier for this portfolio, if the weights are revised to 60% in X, 40% in Z and 0% in Y.

**Questions.5 (15 Marks)**

Compute and evaluate the Relative Strength Index (RSI) of all the stocks assuming 70/30 bands. Do you find any signal of overbought or oversell?