TECHNICAL UNIVERSITY OF MOMBASA
Faculty of Business & Social Studies

DEPARTMENT OF BUSINESS STUDIES

UNIVERSITY EXAMINATIONS FOR
MASTERS IN BUSINESS ADMINISTRATION

BFI 5202: INVESTMENT & PORTFOLIO MANAGEMENT

END OF SEMESTER EXAMINATIONS
SERIES: APRIL 2015
TIME: 3 HOURS

INSTRUCTIONS:

− Attempt question **ONE (Compulsory)** and any other **THREE** questions
− Do not write on the question paper.

This paper consists of Two printed pages

QUESTION 1 (Compulsory)

a) Discuss the term market efficiency and the **THREE** related concepts, including their importance to investment practitioners. **(10 marks)**

b) Briefly explain what is an investment. **(3 marks)**

c) Articulate the meaning and composition of a portfolio. **(2 marks)**

d) From the provided information calculate the requested information below and utilize a divisor of 100

Investment Security	Price @ period Beginning (Ksh.)	Price @ period end (Ksh.)	Dividends per share (Ksh.)	Shares
A	10	12	0.5	200
B	25	24	1	100
C	15	18	0.25	400

   i) Price return for a single period. **(5 marks)**

   ii) Single period total return of an index. **(5 marks)**

QUESTION 2

a) Explain the implications of each form of market efficiency for fundamental analysis, technical analysis and the choice between active and passive portfolio. **(15 marks)**

b) Discuss identified market pricing anomalies and explain possible inconsistencies with market efficiency. **(10 marks)**

QUESTION 3

Discuss the challenges and recommend solutions that face the Kenyan securities exchanges hub (known as Nairobi Securities Exchange). **(25 marks)**

QUESTION 4

Discuss the **FIVE** items exhaustively that form the basis for choices and issues in an index construction and its management. **(25 marks)**

QUESTION 5

a) Explain the importance of the portfolio perspective. **(5 marks)**

b) Discuss the types of investment management clients and the distinctive characteristics (motives and attitudes) and needs of each while taking up an investment in a portfolio. **(15 marks)**

c) Describe and discus the steps in the portfolio management process. **(5 marks)**