

Duration: 2½ Hours

Marks: 75

- NB: (1) All questions are compulsory having internal option.  
(2) Figures to the right indicate marks allocated to each question.  
(3) Simple calculator is allowed.**

1. (A) Select the right option and rewrite the sentence. (Any 8) (08 Marks)

- i. \_\_\_\_\_ measures the systematic risk.
  - a. Beta
  - b. Range
  - c. Variance
  - d. Standard Deviation
- ii. Shares are offered by company before commencement of the business is known as \_\_\_\_\_.
  - a. Initial Public Offering (IPO)
  - b. Follow on Public Offer (FPO)
  - c. New Fund Offer (NFO)
  - d. Private Placement (PP)
- iii. SEBI is formed in the year \_\_\_\_\_ by the Parliament of India.
  - a. 1990
  - b. 1992
  - c. 1980
  - d. 1988
- iv. \_\_\_\_\_ securities are called as ownership capital.
  - a. Bonds
  - b. Equity shares
  - c. Debentures
  - d. Public deposits
- v. \_\_\_\_\_ is the last step for Portfolio Management.
  - a. Identification of objectives
  - b. Develop and implement strategies
  - c. Review and Monitoring
  - d. Evaluation
- vi. The Standard Current Ratio is \_\_\_\_\_.
  - a. 2:1
  - b. 1:1
  - c. 3:1
  - d. 1:2
- vii. Debentures are \_\_\_\_\_ fund.
  - a. Own
  - b. Debt
  - c. Risky
  - d. Dividend earning

viii. The analyst draws \_\_\_\_\_ chart on graph or Logarithmic paper.

- a. Candlestick
- b. Line
- c. Bar
- d. Trend

ix. \_\_\_\_\_ is the father of Modern Technical Analysis.

- a. Charles Dow
- b. Adams Smith
- c. Newton
- d. Charlie Chaplin

x. Jensen's measure of portfolio performance is based on the \_\_\_\_\_

- a. CAPM
- b. Beta
- c. Standard Deviation
- d. Risk free return

1. (B) Give True or False: (Any 7)

(07 Marks)

- i. Speculators are short term Investors.
- ii. Public Provident Funds are Tax Saving Investments.
- iii. Nifty Index is having 50 stocks.
- iv. Portfolio means combined holding of many kinds of financial securities.
- v. Markowitz approach provides a systematic search for optimal portfolio.
- vi. Gross Profit Margin Ratio is the difference between sales and purchase.
- vii. Diversification is a technique of increasing the risk involved in a portfolio.
- viii. The waves have reverse flow in Bull Market.
- ix. CAPM is the theory developed by the W. Sharpe.
- x. Technical analysis believes that the Investor's sentiments are depend on past movement.

2. (A) Explain the factors influencing on selection of Investment Alternatives. (08 Marks)

(B) What is online share trading? Give Advantages of Online share trading. (07 Marks)

OR

2. You are a Portfolio Manager Consultant practicing as freelancer. Mr. Singh approached you for his investment planning. His age is 65 years with investible funds of Rs. 8 Crores. He needs guidance in respect of following area. Explain in brief.

- i. What are the investment avenues available to him which will give a suitable return with maximum return?
- ii. What are the various types of risks?

(15 Marks)

3. (A) Calculate Beta for Apple Ltd. (08 Marks)

| Year                | 1  | 2  | 3  | 4  | 5  |
|---------------------|----|----|----|----|----|
| Security Return (%) | 17 | 16 | 17 | 21 | 24 |
| Market Return (%)   | 20 | 17 | 18 | 20 | 25 |

3. (B) The rate of Return of Stock Meetu Ltd. and Reetu Ltd. under different status of economy are given below:

| Particulars                       | Boom | Normal | Recession |
|-----------------------------------|------|--------|-----------|
| Probability                       | 0.30 | 0.45   | 0.25      |
| Return of Stock of Meetu Ltd. (%) | 35   | 50     | 80        |
| Return of Stock of Reetu Ltd. (%) | 75   | 55     | 51        |

Calculate the expected return and standard deviation of return on both the stocks.

(07 Marks)

OR

3. Following is the information about shares of Amar Ltd. and Anthony Ltd. in various economic conditions. Give answers for the questions given below.

| Economic Condition | Probability | Expected price of Amar Ltd. (Rs.) | Expected price of Anthony Ltd. (Rs.) |
|--------------------|-------------|-----------------------------------|--------------------------------------|
| High Growth        | 0.3         | 140                               | 150                                  |
| Low Growth         | 0.4         | 110                               | 100                                  |
| Stagnation         | 0.2         | 120                               | 120                                  |
| Recession          | 0.1         | 100                               | 110                                  |

a. Which company has more risk to invest?

b. Will your decision change if probabilities are 0.3, 0.2, 0.3, 0.2 respectively?

(15 Marks)

4. (A) Differentiate between Fundamental Analysis and Technical Analysis. (8 Marks)

(B) What are Charts? Explain the types of Charts. (7 Marks)

OR

4. Following information is available relating to Harsh Ltd. And Ketan Ltd.

| Particulars                               | Harsh Ltd. (Rs.) | Ketan Ltd. (Rs.) |
|---|------------------|------------------|
| Equity Share capital (Rs. 100 face value) | 40,00,000        | 50,00,000        |
| 10 % Preference shares                    | 16,00,000        | 20,00,000        |
| Profit after tax                          | 10,00,000        | 14,00,000        |
| Proposed Dividend                         | 7,00,000         | 8,00,000         |
| Market Price per share                    | 140 per share    | 156 per share    |

Calculate:

- Earning per share
- Price-Earnings Ratio
- Dividend Payout Ratio
- Return on Equity shares
- Dividend Yield Ratio

Also advise to the Investor, which is good for Investing.

(15 Marks)

5. (A) The information for three portfolios is given below:

| Portfolio    | Average Return on Portfolio (%) | Beta | Standard Deviation |
|--------------|---------------------------------|------|--------------------|
| Doremon      | 13                              | 0.8  | 0.40               |
| Popeye       | 14                              | 0.9  | 0.35               |
| Tom          | 16                              | 1.2  | 0.25               |
| Market Index | 15                              | 1.0  | 0.30               |

Compare these portfolios on performance using Sharpe and Treynor Measures. Risk free rate of return is 10%. (8 Marks)

5.(B) The Expected return and Beta factor of three securities are as follows:

| Securities | Expected Return (%) | Beta |
|------------|---------------------|------|
| Axis Ltd.  | 18                  | 1.6  |
| Kotak Ltd. | 13                  | 1.4  |
| HDFC Ltd.  | 11                  | 0.8  |

If the risk-free rate is 7% and market return are 12%. Calculate returns for each security under CAPM. Advise the securities are undervalued or overvalued or at par. (07 Marks)

OR

5. Give Short Notes on: (Any Three)-

(15 Marks)

- SML and CML
- Asset Allocation
- Speculation and Gambling
- Dow Jones Theory
- Sensex & Nifty