

Duration: 2.5 hours

Marks: 75

N.B. 1) All questions are compulsory.

2) Figures to the right indicate full marks.

1. (A) Multiple choice Question (Any 8)

(08 Marks)

1) \_\_\_\_\_ is a Financial investment

- a) Machinery      b) Shares      c) Human capital      d) Stock

2) \_\_\_\_\_ is a market where short term funds are borrowed and lent.

- a. Money Market    b. Capital Market    c. Bank    d) Company

3). \_\_\_\_\_ refers to appreciation of investment

- a) liquidity      b) Return      c) capital growth      d) Price

4).The beta of market is always \_\_\_\_\_

- a) One      b) positive      c) negative      d) less than one

5).This type of risk is avoidable through proper diversification.

- a) Portfolio risk      b) Systematic risk      c) Unsystematic risk      d. total risk

6) Debt Equity Ratio is a \_\_\_\_\_ Ratio

- a) Profitability      b) Leverage      c) Liquidity      d) None of the above

7) CAPM, was developed by \_\_\_\_\_

- a)William Sharpe      b)Jenson      c) Treynor      d) None of the above.

8)Which type of chart includes daily high price, low price, opening price, and closing price?

- a) Candle stick chart    b) Point-and-figure chart    c) Moving average chart    d) Bar chart

9) In an efficient market, all the relevant information is reflected in the \_\_\_\_\_ security price

- a) Previous    b) Future    c) Current    d) Charts

10) Study of company's financial statements is part of \_\_\_\_\_ Analysis.

- a) Fundamental    b) Technical    c) Moral    d) All of the above

(B) Give True or False: (Any 7) (07 Marks)

1. The total return on a portfolio includes only risk free return.
2. Portfolio performance is evaluated over a time interval.
3. Speculation activity involves uncertain and fluctuating returns.
4. Systematic risk is also known as avoidable risk.
5. APT requires more inputs as compared to CAPM.
6. Beta is used as denominator in Sharpe's Ratio.
7. Example of profitability ratios includes current ratio and quick ratio.
8. Fundamental analysis believe that price move in major and minor trend.
9. Returns and Risk are inversely Proportional to each other.
10. Portfolio risk cannot be reduced with diversification.

2. (A) Explain concept of investment & Distinguish between Investment and Speculation? (08 Marks)

(B) Explain the phases of Portfolio Management. (07 Marks)

**OR**

2. C) The rate of return of stock of Bright ltd and Light ltd under different state (15 Marks)

Of economy is given below:

Economic Condition	Probability	Returns of Bright ltd	Returns of Light ltd
High Growth	0.2	13%	11%
Low Growth	0.3	10%	12%
Stagnation	0.4	7%	5%
Recession	0.1	4%	7%

i) Calculate the expected rate of return and standard deviation of return on stock of Bright Ltd. and Shine Ltd.

ii) As an investor which company would you prefer for investment?

Q3) A) What is Fundamental analysis? How is it different from Technical analysis? (08 Marks)

B) Explain the Dow theory in detail. (07 Marks)

3) C) Following information is available relating to BAY Ltd and DAY Ltd (15 Marks)

Particulars	BAY Ltd	DAY Ltd
Equity Share Capital (Rs.10 face value)	Rs.400 lakhs	Rs.500 lakhs
12% Preference share	Rs 160 lakhs	Rs 200 lakhs
10% Debentures	Rs 100 lakhs	Rs 140 lakhs
Profit after tax	Rs.100 lakhs	Rs.140 lakhs
Proposed Dividend	Rs.70 lakhs	Rs.80 lakhs
Market Price Per Share	Rs.400	Rs.560
Current Assets	Rs.160 lakhs	Rs.180 lakhs
Quick assets	Rs 140 lakhs	Rs 150 lakhs
Current Liabilities	Rs.125 lakhs	Rs.135 lakhs

Calculate:

- |                               |                    |                             |
|-------------------------------|--------------------|-----------------------------|
| A) (i) Earnings per share     | (ii) P/E Ratio     | (iii) Dividend Payout Ratio |
| (iv) Return on Equity Shares. | (v) Current Ratio, | (vi) Quick ratio,           |
| (vii) Debt-equity ratio.      |                    |                             |

B) Which company is good for investing?



