VCD________________SYBFM SEM-III SUB-PORTFOLIO MANAGEMENT

HRS:$2^{1/2}$

75 MARKS

NOTE: ALL QUESTIONS ARE COMPULSARY.

Q.1.A) Fill in the blanks (Any 8) (08)

1) Investors have to _________ review and revise their portfolios.

a) Regularly b) Quarterly c) Yearly

2) ________ is a money market instruments.

a) Debenture b) Commercial Paper c) Mutual Fund

3) __________ institution is set by government of India for dealing with all matters relating to securities markets.

a) SEBI b) IRDA c) RBI

4) The primary purpose of Investment is to _________.

a) Gain b) Loose c) Appreciation

5) Investment decisions which are not carefully thought out are_________.

a) Economical b) Costly c) Technical

6) What should be the objective of an investors ________.

a) Minimize Return b) Minimize Liquidity c) Maximize Return

7) The objective of portfolio is to reduce ________ by diversification.

a) Uncertainties b) Ratios c) Balance Sheet

8) Shares of known and financially solved companies are called as________.

a) Blue chip shares b) Green chip shares c) Red chip Shares

9) Combination of various financial securities ___________.

a) Portfolio b) Stock c) Mixed

10) NAV stand for __________.

a) Notional Assets value b) Net Assets value c) Non Assets value

Q.1.B) State whether the following statements are True or False.(Any 7) (07)

1) Risk is less when returns are high and it is more when return is low.

2) Modern portfolio theory states that the risk can be reduced by diversification.

3) Charting of stock prices is the basic tool of technical analysis.

4) Debt securities are mostly ownership based.

5) The random walk theory is not based on the efficient market hypothesis.

6) Listing of securities is compulsory for only government securities.

7) The relationship between stock returns and market structure is called data.

8) Liquidity means marketability of an Investment.

9) Capital Gain refer to increase in the value of investment over a period of time.

10) NAV is an indicator of the market value of the funds unit.

Q.2.A) What are the various elements of Investment ? (08)

Q.2.B) Explain the investment process in detail. (07)

OR

Q.2.C) What are investment avenues? State the different avenues available for investment. (15)

Q.3.A) Vijay purchased 200 shares of Ajay Ltd five years ago at Rs. 600 each. He paid brokerage @ 2% at that time. The company paid the following dividends.

Years	Dividend
1	600
2	600
3	800
4	800
5	1000

The current price of the share is Rs. 700. Calculate the following period return and annualized return if the sells the shares now. (08)

Q.3.B) Calculate the expected return from the following information & standard deviation. (07)

State of Economy	Probability	Rate of Return %
1	0.25	10
2	0.15	12
3	0.20	17
4	0.40	20

OR

Q.3.A) What is meant by portfolio management ? what are the principles of portfolio management ? (15)

Q.4.A) The details of three portfolios are given below. Compare these portfolio an performance using Sharpe , Trey nor and Jensen's measure . (10)

Portfolio	Average return	Standard Deviation	data
1	15%	0.25	1.25
2	12%	0.30	0.75
3	10%	0.20	1.10
Market Index	12%	0.25	1.20

The risk free return is 9 %

Q.4.B) You are required to calculate data factor for fall on ltd. (05)

Year	Return on security	Market
1	13	15
2	14	16
3	15	17

OR

Q.4.C) The rate of return on stock X and Y under different sate of the economy are presented below along with the probability of the occurrence. (08)

State of economy	Probability	Stock X	Stock Y
Boom	0.50	30%	35%
Normal	0.30	35%	40%
Precession	0.20	25%	30%

1) Calculate the expected rate of return and standard deviation of return on stocks X and Y.
2) Which stocks is a better investment option.

Q.4.D) What is risk ? Types of risk. (07)

Q.5.A) What is Portfolio Performance Evaluation ? (08)

Q.5.B) What is Portfolio revision and factors influencing portfolio revision. (07)

OR

Q.5) Short Notes (Any 3) (15)

1) Single Index Model

2) Portfolio Strategy

3) Selection of Assets Mix

4) EMH

5) Systematic & Unsystematic Risk