31/10/23
VCD/   SYBFM   SEM III   PORTFOLIO MANAGEMENT   2½ HRS   75MARKS

Q.1.A. Multiple Choice Questions:- (Any 8)   (8)

1. Investors buy or sell financial instruments to get _____

a. Risk   b. Return   c. Credit Rating   d. Tax

2. Portfolio Management is of _____ securities.

a. Individual   b. Combined   c. No   d. Only one

3. Higher age means _____ risk tolerance.

a. High   b. Very High   c. low   d. Neutral

4. _____measures the dispersion of data from its expected value.

a. Standard deviation   b. Beta   c. Variance   d. Range

5. _____ risk is associated with the whole market.

a. Systematic   b. Unsystematic   c. Credit   d. Default

6. _____ risk means the risk of particular business is failing.

a. Business   b. Default   c. Financial   d. Interest rate

7. The major instruments on stock market are _____

a. Debentures   b. Equity shares   c. Warrants   d. Public Deposits

8. The higher the risk of a security, the _____ would be the return expected from it.

a. Higher   b. Lower   c. Double   d. Half

9. Treynor measure consider _____

a. Systematic risk and beta   b. Unsystematic risk and beta   c. Systematic risk

d. Unsystematic risk

10. Insurance is _____investment.

a. Speculative   b. Short term   c. Protective   d. Interest rate

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

1. Preference shareholders are the owner of the company.

2. The single index model is the complex and the most rarely used simplification.

3. Portfolio Analysis helps in proper resource / asset allocation to different elements in the portfolio.

4. Risk tolerance is the degree of variance in returns an investor is willing to allow in a portfolio.

5. Portfolio revision involves changing the existing mix of securities.

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6. Formula planes are predetermine rules used in portfolio revision strategies when buying and selling securities.

7. Rebalancing brings your portfolio back to the desired asset mix.

8. Portfolio evaluation refers to the evaluation of the performance of the portfolio.

9. Buying and selling of securities does not involve transaction costs such as commission and brokerage.

10. Investment in different types of securities help to minimize risk.

Q.2. Given below are the likely returns in case of shares of Sun Ltd. And Moon Ltd. in the various economic conditions. (15)

Economic conditions	Probability	Return (%)	
		Sun Ltd.	Moon Ltd.
High Growth	0.3	15%	10%
Low Growth	0.4	13%	11%
Stagnation	0.2	9%	12%
Recession	0.1	6%	14%

(a) Calculate the expected rate of return and standard deviation of return on stock of Sun Ltd. And Moon Ltd.

(b) If you could invest in either stock of Sun Ltd. Or Moon Ltd. , but not in both which stock would you prefer?

OR

Q.2.A. What is an Investment? Explain its Characteristics. (8)

Q.2.B. Discuss tax saving investment in India. (7)

Q.3. Calculate Beta of each of the following two companies with the help of given information. (15)

Year	A Ltd.	B. Ltd.	Market Returns
1	25	30	26
2	-15	-18	-30
3	30	35	34
4	35	33	32
5	15	23	15

OR

Q.3.A. Difference between Active and Passive portfolio management strategy. (8)

Q.3.B. What is portfolio management? Explain Advantages of portfolio management. (7)

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Q.4. Ms. Snehal purchased 1000 shares of ABC Ltd. @ Rs.100 each on1st January, 2009. She paid a brokerage of Rs.500. During the year 2010 she received bonus shares of ABC Ltd. In the ratio of 3:5. She also received dividends from the company as follows:

October 2009 = Rs. 500

October 2010= RS 750

She sold all holdings on 1St January, 2011@ Rs. 135 each. She had to pay a brokerage of Rs. 875. Calculate the holding period return. (15)

OR

Q.4.A.Explain the types of Risk? (8)

Q.4.B.Distinguish between Systematic Risk and unsystematic Risk. (7)

Q.5.A. Explain the concept of portfolio revision. What are the various constraints of portfolio revision? (8)

Q.5.B.Explain the components of Portfolio Analysis. (7)

OR

Q.5.C. Short notes. (Any 3) (15)

1. The Efficient Market Hypothesis/Theory (EMH).
2. Portfolio Management.
3. Systematic Risk.
4. Portfolio revision strategy.
5. Feature of Asset Allocation.