Con. 7183-12. sem. V BT–5890

(2 Hours) [Total Marks : 60

FYFM – V
Portfolio Mgmt
3/11/12

NB: (1) **All** questions are **compulsory**.
(2) **All** working notes should form a **part** of your answer.
(3) Specify **assumptions**, if any, while **solving** the questions.
(4) **Figures** to the **right** indicate **full** marks.

(1) (a) What is an Investment decision? What are the approaches to Investment Decision - making? (8)

(b) Explain various advantages of Investing in Gold and Silver? (7)

OR

(1) (a) What is a Portfolio management? State the elements of portfolio management? (8)

(b) What are Public deposits? What Factors should be considered while investing in Public deposits? (7)

(2) (a) What are the different risk preferences of the Investors? Explain systematic and Unsystematic risk? (7)

(b) The rate of return on stock of A and B under different state of the economy are presented below along with the probability of the occurrence. (8)

State of Economy	Probability	Stock A (%)	Stock B (%)
High Growth	0.10	5	0
Low Growth	0.30	10	8
Stagnation	0.50	15	18
Recession	0.10	20	26

(1) Calculate the expected rate of return on stock A and B.
(2) Calculate the standard deviation of return on stock A & B.
(3) Which stock is better investment option?

OR

(2) (a) Explain Capital Market Line with diagram and suitable example. (7)

(b) Dr. Sukhi purchased 400 shares of Sunder Ltd. @ Rs.61 each on 15th October, 2008. He paid brokerage of Rs. 600.The Company paid the following dividends: (8)

June 2005	Rs 800
June 2006	Rs 1000
June 2007	Rs 1200

He sold all his holding for Rs 34500 (net on 15 Oct 2011)
(1) What is the holding period Return?
(2) What is the annualized Return?
(3) Is Mr. Shah a good investor?

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(3) (a) What are the different forms of market Hypothesis . (7)

(b) Consider the following information of three Mutual Fund A, B & C and market. (8)

Mutual Funds	Average return (%)	Standard Deviation (%)	Beta
A	12	18	1.1
B	10	15	0.9
C	13	20	1.12
Market	11	17	1.0

Risk Free rate of return is 6%. Calculate Sharpe measures, Treynors Measures and explain the difference.

OR

(3) (a) Define Random walk Theory. What are the basic assumptions of the theory? (7)

(b) Compare the following portfolio according to Jensen's measures of portfolio evaluation and rank them. (8)

Portfolio	Returns on Portfolio (%)	Beta	Risk free rate of return
1	15%	1.2	9%
2	16%	1.5	9%
3	12%	0.8	9%
Market Index	13%	1.00	9%

(4) (a) What is the procedure of obtaining registration as a portfolio manager from SEBI? Is there any registration fee to be paid by the portfolio managers? How long does the Certificate of registration remain valid? (8)

(b) What kind of reports can the client expect from the portfolio manager? (7)

OR

(4) (a) Explain SEBI's norms for portfolio management services in India. (8)

(b) Explain the Present scenario of portfolio management services in India. (7)