Time: 2:30 Hours Marks: 75

N.B.: 1. All questions are compulsory,.
2. Figures to the right indicate marks.
3. Working notes are part of solution.

Q.1 A) STATE WHETHER TRUE OR FALSE **(Any 8)** [8]

1. Investment in different types of Securities help to minimize Risk.
2. The date when the bonds can be called is referred to as the call date.
3. Fundamental analysis is a method of evaluating a security.
4. Portfolio revision involves changing the existing mix of securities.
5. Risk is measured by variability in returns.
6. Time is not very important factor in Investment.
7. The Single index model is the Complex and the most rarely used simplification.
8. Examples of solvency ratios include current ratio and quick ratio.
9. Strong form covers the least amount of information.
10. A risky assets is one whose return is certain such as a government security.

Q.1 b) Match the column **(Any 7)** [7]

Column A	Column B
1.Equity	1.Combination of different Securities
2.Portfolio	2.Sharpe Index model
3.Single Index model	3.Risky Capital
4.Beta	4.Belive in Market Efficiency
5.Passive revision Strategy	5.Systematic risk
6.Theorem one	6.Asset Turnover Ratio
7.Efficiency Ratio	7.Not influenced by past events
8.Fundamental Analysis	8.Stephen Ross
9.Random walk Theory	9.Long term view of security pricing
10.Arbitrage Pricing Theory	10.Bond prices and yields in opposite direction

Q.2 a) Mr. Ram wants to invest in company A or Company B the return on stock of company A and B and probabilities are given below: [8]

Company A		Company B	
Return (%)	Probability (%)	Return (%)	Probability (%)
6	0.10	4	0.1
7	0.25	6	0.2
8	0.30	8	0.4
9	0.25	10	0.2
10	0.10	12	0.1

Calculate expected return and standard deviation of both company and advise Mr. Ram , whether he should invest in company A or B

Q.2 b) from the following calculate Beta of security. [7]

Year	Return on Security (%)	Return on Market Portfolio (%)
1	10	12
2	12	11
3	15	14
4	10	12
5	08	11

OR

Q.2 c) Define Investment. Explain its characteristics? [8]

d) What is portfolio management? Explain its phases. [7]

Q.3 a) Evaluate performance of following portfolio by using Sharpe's and Treynor's measure of the following data and comment on the same. [8]

Portfolio	**SD (%)**	**Beta**	**Return (%)**
Dev Ltd.	20	1.25	35
Gandharva Ltd.	18	1.10	30
Asura Ltd.	19	1.15	32
Market	15	1.00	25

Risk Free rate of return is 8 %

Q.3 b) You are considering an investment in one of the following bonds: [7]

Name of Bond	Coupon Rate	Maturity	Price Rs. 100 Per Value
Bond P	14 %	8 Years	Rs.80
Bond Q	12 %	6 Years	Rs.50

i) Calculate YTM for each Bond.

ii) Which Bond would you recommend for invest?

OR

Q.3 c) Define Bond .Explain its Characteristics? [8]

d) Why Portfolio Evaluation is needed? [7]

Q.4 a) Following information is available relating to Lakshmi Ltd. and Saraswati Ltd. [8]

(Rs. In Lakh)

Particulars	Lakhsmi Ltd.	Saraswati Ltd.
Equity Share Capital @ Rs. 10 Each	200	250
12 % Preference Share Capital	80	100
Profit After Tax	50	70
Proposed Dividend	35	40
MPS	25	35

You are required to calculate:

i) Earning Per Share (EPS) ii) P/E Ratio

iii) Dividend Payout Ratio. iv) Return on Equity Share

v) Dividend Yield Ratio.

Q.4 b) The expected return and Beta of Three securities are as follows: [7]

Securities	X	Y	Z
Expected Return (%)	14.0	14.0	12.0
Beta Factor	1.5	1.4	0.7

If risk free rate is 7 % and market return are 12 % which of the above securities are over, under or currently valued in the market? What should be your strategy?

OR

Q.4 c) Discuss Arbitrage Pricing Theory? [8]

d) Define Leverages. Explain types of Leverages. [7]

Q.5 a) Define the effective market Hypothesis in each of its three forms. [8]

b) Discuss chart pattern in technical Analysis. [7]

OR

Q.5 Short Notes **(Any 3)** [15]

1. Moving Average
2. Random Walk Theory
3. Types of Investment.
4. Bond Duration.
5. Technical Analysis.

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