VCD _____ SYBIM Sem III Sub : SAPM Time: 2½ Hours Marks: 75

Q.1.(a) Match the following columns (any eight): (8)

Column A	Column B
1)Treynor's Measure	a) Last step in the process of portfolio management
2) Sharpe's Measure	b) CAPM
3) Portfolio evaluation	c) Buying of assets
4) Jenson's Measure	d) Risky Capital
5) Investment	e) Uncertain and high return
6) Equity	f) Standard deviation
7) Liquidity	g) Beta
8) Diversification	h) Combination of different security
9) Gambling	i) Reducing the risk of loss
10) Portfolio	j) Easily converted into cash

Q.1.(b) State whether the following statements are True or False (any seven): (7)

1. Investment in different types of securities help to minimise risk.
2. Investing in equity shares is a tax saving investment.
3. Portfolio means combination of financial assets and physical assets.
4. An investor is not interested only in the efficient portfolios.
5. A higher standard deviation means a higher risk and therefore a higher possible return.
6. Portfolio revision involves changing the existing mix of securities.
7. Portfolio evaluation refers to the evaluation of the performance of the portfolio.
8. The total return on portfolio includes only risk free returns.
9. A Bond containing a put provision is said to be callable.
10. The date when the bonds can be called is referred to as the Call Date.

Q.2: Given below data should returns in case of shares of Ram and Shyam Ltd. In various economic conditions. (15)

Economic condition	Probability	Returns (%)	
		Ram limited	Shyam limited
High growth	0.3	17	11
Low growth	0.4	15	10
Stagnation	0.2	9	12

a) Calculate the expected rate of return and standard deviation of return on stock of Ram and Shyam limited.

b) If you could invest either stock of Ram or Shyam limited but not in both, which stock would you prefer?

OR

Q.2: From the following calculate Beta of a security. (15)

Year	Return on security (%)	Return on market portfolio (%)
1	12	14
2	10	11
3	15	12
4	8	11
5	10	12

Q.3: Mr Manjunath purchase 100 share of star Ltd for rupees 3500 per share on first April 2019. He should all the shares on 13th March 2021 for Rs.5000 per share. During this tenure he received a normal dividend of rupees 350 per share per year. Calculate the holding period of return. (15)

OR

Q.3: Mr. Moti wants to invest his money in a mutual fund, for this he has collected information about three mutual fund. (15)

Mutual Fund	Average Return	Standard Deviation	Beta
A	25%	12%	1.27
B	27%	15%	1.30
C	23%	9%	1.15
Market Index	20%	13%	1.00

Recommend which portfolio should be selected using Sharpe, Treynor and Jensen's measure of portfolio evaluation. Assume risk free rate to be 7.5%.

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Q.4: You are required to calculate beta factors and expected return for X and Y limited using CAPM. Risk free rate of return is 7%. (15)

Year	X limited	Y limited	Market return (%)
2015-16	13	13	15
2016-17	14	14	16
2017-18	13	10	15
2018-19	12	11	14

OR

Q.4: You are considering an investment in one of the following Bonds: (15)

	Coupon Rate	Maturity	Price/Rs.100 Par value
Bond A	12%	10 Year	Rs. 70
Bond B	10%	6 Year	Rs. 60

(i) What is YTM of each Bond?

(ii) Which Bond would you recommend for investment?

Q.5.(a) Define Investment. Explain its characteristics. (8)

(b) Discuss constraints in portfolio revision. (7)

OR

Q.5. Write a short note on (any three): (15)

a) Role of Portfolio Manager

b) Speculation

c) Single Index Model

d) Characteristics of Bond

e) Portfolio Evaluation