

[Time: 2 $\frac{1}{2}$ Hours]

[Marks: 75]

Please check whether you have got the right question paper.

- N.B: 1. All questions are compulsory.
2. Numbers at right indicate marks.

Q1) Answer any two

(15)

- Distinguish between Investment and speculation.
- Explain various factors for investment decision.
- Explain mid cap , large cap and small cap.

Q2) Answer any two

(15)

a) Compute Beta of M ltd from the following information.

Year	Return (%)	Market (%)
1	20	20
2	18	17
3	16	14
4	21	20
5	24	24
6	28	27
7	22	21
8	20	20

b) Mr. Salman Khan wants to invest in a company X or company Y. The rate of return under different status of economy are given below. Compute expected return.

Status of economy	Return on Stock X	Return on Stock Y	Probability
Boom	30	70	0.3
Normal	50	50	0.5
Recession	70	30	0.2

c) What is investment? Explain various factors influencing investment.

Q3) Answer in two

(15)

a) Following information is available relating to Sun Ltd.

Particulars	Amount (in lakh)
Equity Share Capital @ Rs. 10 each	200
12 % Preference Share Capital	80
Profit after Tax	50
Proposed Dividend	35

Market price: Rs.125

Calculate following ratio.

- 1) Earning Per Share (EPS)
- 2) Price Earning Ratio (P/E Ratio)
- 3) Dividend Pay out Ratio
- 4) Return on Equity Share

b) From the following information calculate standard deviation from the following information.

State of Economy	Probability	Return (%)
High Growth	0.3	15
Low Growth	0.4	13
Stagnation	0.2	9
Recession	0.1	6

c) Explain different types of Risk.

Q4) Answer any two (15)

a) From the following information calculate expected return using (CAPM) Jensen's Measure.

Portfolio	Return (%)	Beta
1	15	1.5
2	12	0.9
3	10	1.2
Market Index	12	1

The rate of Return on risk free government bond 7%.

b) Mr. Amir wants to invest in portfolio. Followings are the details for the portfolio. Recommend which portfolio should be selected using Sharpe and Treynor measure of portfolio evaluation.

Portfolio	Return (%)	Standard Return (%)	Beta
1	25	12	1.27
2	27	15	1.3
3	23	9	1.15

The rate of Return on risk free government bond 7.5 %.

c) Distinguish between Fundamental Analysis and Technical Analysis.

Q5) Mr. Manish wants to invest Rs. 5,00,000. His preference will be tax saving investment avenues. Suggest him portfolio for purpose of investment with advantages and disadvantages. (15)
