

21/11/19

TYBMS

Sem-V

Paper / Subject Code: 46003 / Finance: Investment Analysis & Portfolio Management

Duration : 2.30 Hours

Marks : 75

NB: (1) All questions are compulsory having internal option.

(2) Figures to the right indicate marks allotted to each question.

(3) Simple calculator allowed.

1. (A) Match the following columns. (Any 8)

(08 Marks)

Group A	Group B
1. Treynor's Measures	a) Based on an analysis of the fundamental factors and technical factor
2. Sharpe's Measures	b) CAPM
3. Active revision Strategy	c) Standard Deviation
4. Portfolio Evaluation	d) Last step in the process of Portfolio Management
5. Jensen's Measure	e) Beta
6. Equity share	f) Debt Fund
7. Preference share	g) Risky Capital
8. Bond	h) Fixed Dividend
9. PPF	i) Unsecured Deposit
10. Public Deposit	j) Tax Saving Investment

1. (B) Give True or False: (Any 7)

(07 Marks)

- 1) Examples of solvency ratio include current ratio and quick ratio.
- 2) Price level and inflation affect the economy of the country.
- 3) The efficient market hypothesis (EMH) states that the financial markets are inefficient.
- 4) Risk is measured by variability in returns.
- 5) A risky asset is one whose return is certain as a Government Security.
- 6) The higher the risk of a security, the lower would be the return expected.
- 7) Portfolio revision involves changing the existing mix of securities.
- 8) Portfolio evaluation refers to the evaluation of the performance of the portfolio.
- 9) The total return on a portfolio includes only risk free return.

10) Investing in equity share is a tax saving investment.

2. (A) Distinguish among Investment, Speculation and Gambling.

(08 Marks)

2. (B) Explain in brief the Investment avenues.

(07 Marks)

OR

2. (C) Calculation of Beta of each of the following two companies with the help of given information.

(08 Marks)

Year	Rudra Ltd (%)	Market return (%)
1	19	20
2	16	17
3	13	14
4	19	20
5	23	24

2. (D) The rate of return of stock M Ltd. and V Ltd. As under :

Particular	Boom	Normal	Recession
Probability	0.30	0.45	0.25
Return on stock M Ltd. (%)	35	55	70
Return of stock V Ltd. (%)	70	55	35

Calculate the expected return and standard deviation of both the stock.

(07 Marks)

3. (A) Compare the following portfolios according to Jensen's measure of portfolio evaluation and rank them.

(08 Marks)

Portfolio	Return on portfolio (%)	Beta	Risk free return
HDFC	15	0.8	7 %
Kotak	16	1	7 %
ICICI	12	1.5	7 %
Market Index	14	1.2	7 %

3. (B) Calculate Expected return and Standard Deviation.

(07 Marks)

Probability	Returns (%)	
	Sam Ltd.	Cam Ltd.
0.33	6	9
0.33	30	12
0.34	18	18

OR

3. (C) The Security return and Beta factors of 4 securities are as follows:

Securities	Security Return (%)	Beta
Modi Ltd.	18	1.6
Gandhi Ltd.	10	0.8
Melita Ltd.	12	1.2
Sardar Ltd.	15	1.5

If the risk free rate is 7 %. Calculate Average Market return and Expected returns for each security under CAPM. (08 Marks)

3. (D) The details of three portfolios are given below.

Portfolio	Average Return (%)	Beta	Standard Deviation
Padma	18	1.4	0.30
Jharana	12	0.9	0.35
Meenakshi	16	1.1	0.40
Market Index	14	1.0	0.25

Compare these portfolio on performance using Sharpe and Treynor measures.

Risk Free return is 8 %.

(07 Marks)

4. (A) Distinguish between Fundamental Analysis and Technical Analysis.

(08 Marks)

4. (B) What are Charts? Explain the types of charts.

(07 Marks)

OR

4. Hero Ltd. has presented its financial information for the year ended 31st March 2019

Earnings before interest and taxes	₹ 16,00,000
2,00,000 Equity shares of ₹ 10 each	₹ 20,00,000
10% Debentures	₹ 30,00,000
Reserve and surplus	₹ 10,00,000
Provision for taxation	30%
Proposed Dividend	20%
Market price per share	₹ 32

Calculate: (i) EPS (ii) P/E Ratio (iii) Dividend payout ratio (iv) Dividend Yield

(v) Debt Equity Ratio

(15 Marks)

5. As Portfolio Management Consultant, you are approached by Mr. Puri, aged 27 with investible funds of Rs. 50 lakhs. He wants to know from you the following:

(i) What are the investment avenues available to him which will give a suitable return with maximum return?

(ii) What are the various types of risks?

(15 Marks)

OR

(15 Marks)

5. Give short notes on: (Any Three)

- 1) Public Provident Fund
- 2) Random Walk Theory
- 3) Debt Fund Investment
- 4) Bonds
- 5) Mutual Fund

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