Time: 2 hours **Total Marks: 50**

N.B. (1) All questions are compulsory with internal choice
(2) Figures to the right indicate marks

Q.1 Case Study: **(10)**
The expected return and Beta of three securities are as follows:

Securities	X	Y	Z
Expected Return (%)	20	17	15
Beta Factor	1.7	1.5	1.0

Risk free rate is 8% and market return are 15%.

QUESTIONS:
a) Distinguish between CAPM and APT. (4)
b) Calculate expected return for each security under CAPM and state which securities are over, under or correctly valued in the market? What should be your strategy? (6)

Q.2 A) What is Investment? State the difference between Investment - Speculation and gambling. **(10)**

OR

Q.2 B) Discuss the role of portfolio manager in today's world. **(10)**

Q.3.A) Explain the characteristics of a bond. **(05)**

Q.3.B) Explain in detail about the need of portfolio evaluation. **(05)**

OR

Q.3.C) A bond of Rs.1,000 has a coupon rate of 10% p.a. and maturity period of 8 years. The bond is currently selling at 1,050. What is the yield to maturity in the investment of this bond? **(05)**

Q.3.D) Following information is given in respect of three mutual funds and market. **(05)**

Portfolio	Average Return	Standard Deviation	Beta
A	12%	0.30	1.00
B	16%	0.35	1.30
C	13%	0.25	1.25
Market Index	11%	0.20	1.15

The mean risk-free rate is 10%. Calculate Sharpe's Measure and Treynor's Measure also find out which portfolio has outperformed.

Q.4 A What do you mean by Fundamental Analysis? Explain its three key analysis. **(10)**

OR

Q.4 B Explain Elliot Wave Theory **(10)**

Q.5. A What is the efficient market hypothesis? **(10)**

OR

Q.5. B Explain in detail the 'CAPM' **(10)**

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