

TYBMS

Sem II

75:25

Elective

Finance : Inv. Ance  
& Port. Mgmt.  
(2½ Hours)

Q.P. Code : 746001

21/11/16

[Total Marks : 75]

- N.B. :** (1) All questions are compulsory.  
(2) Working from part of your answer.  
(3) Use of simple calculator is permitted.

1. Attempt any two questions :

- (a) Difference between : Investment and Gambling. Explain in detail.  
(b) What are the factors involved in selection of investment alternatives?  
(c) Explain the roles and functions of Investment Banks.

15

2. Attempt any two questions :

- (a) Explain the types of Risk.  
(b) Given below are the likely returns in case of shares of Sarus Ltd. under various economic conditions :

15

Economy condition	Probability	Return on Sarus Ltd (%)
Boom	0.25	7
Low Growth	0.25	10
Stagnation	0.30	14
Rescession	0.20	19

- (1) Calculate expected return of Sarus Ltd.  
(2) Calculate standard deviation of Sarus Ltd.  
(c) You are required to calculate Beta factor for Falcon Ltd. :

Year	Return on security Falcon Ltd. (%)	Market (%)
1	13	15
2	14	16
3	15	17
4	13	14
5	12	12

TURN OVER

3. Attempt **any two** questions :

(a) Following information is available relating to Stork Limited (All ₹ in Lakhs) :

Particulars	AH Limited
Equity share capital (₹ 10 Face Value)	250
12% Preference Shares	100
Profit after Tax	70
Proposed Dividend	40

Market Price Per Share ₹35

You are required to calculate :

- (1) Earning Per Share
  - (2) Price Earning Ratio
  - (3) Dividend Pay-out Ratio
  - (4) Return on Equity Shares
- (b) What is Technical Analyses? Explain its assumptions in detail.
- (c) Explain in detail objectives of Portfolio Management.

15

4. Attempt **any two** questions :

- (a) Explain in detail Efficient Market Theory.
- (b) The expected return and beta factors of 3 securities are as follows :

Securities	Expected Returns (%)	Beta Factor
Parrot Ltd.	17%	1.6
Dove Ltd.	10%	0.7
Eagle Ltd.	16%	1.3

If the risk free rate is 8% and market returns are 15%. Calculate returns for each security under CAPM.

Q.P. Code : 746001

- (c) Three Mutual Funds have reported the following rates of return and risk over the <sup>last</sup> five years : Risk free Rate is 8%.

Mutual Funds	Return	Standard Deviation	Beta
Sparrow Ltd.	14%	0.16	1.10
Heron Ltd.	12%	0.15	1.20
Vulture Ltd.	11%	0.11	0.85

Evaluate the portfolio performance using sharpe's and treynor's Index which portfolio has performed better?

5. You are a Portfolio Management consultant Mr. Tiger a professional wish to invest ₹ 25,00,000. Suggest his various investment alternatives which will give stable returns with minimum risk exposure. Present him **any five** investment schemes mentioning various advantages of each scheme. 15

MUPD16523 SMT. CHANDIBAI HIMATHIMAL MANSUKHANI COLLEGE, ULHASNAGAR

MUPD16523 SMT. CHANDIBAI