se.VI TYBMS

(104)

Time: 2:30 Hours   **Marks: 75**

Notes: 1. Figure to right indicates marks.

Q.1 Answer the following **(Any two)**   15
1. Discuss different beneficial elements and limitations of quantitative risk measurement.
2. Explain risk immunisation and its effects.
3. Manish Ltd. Enjoying substantial net cash inflow and until the surplus fund are needed to meet tax and dividend payment and they further invested in different small portfolios

Small Companies	No. Of shares	Beta equity co-efficient	Market price per share	latest dividend yield	expected return on equity in next year
A	120000	1.10	4.32	6.12	19.20
B	160000	2.20	2.98	3.28	22
C	200000	0.90	2.11	5.40	17

Current market return is 18% and risk free return is 10%. Calculate the risk of Manish Ltd. And whether Manish Ltd. change the composition of portfolio.

Q.2 Answer the following **(Any two)**   15
1. Define concepts
   a. Risk and return trade off
   b. Swap
   c. Risk register
2. How the enterprise risk management can differs from the risk management?
3. Explain derivatives and different types of derivatives.

1. Define corporate governance and its role in risk management
2. Explain the role of various project stakeholders in the risk management process
3. Discuss purpose and sources of risk assurance.

Q.4 Answer the following **(Any two)**   15
1. Explain role and importance of an actuary.
2. What are the types of non life insurance?
3. Calculate expected claim and fair premium cost for the following data

Loss =	Rs. 100000	with prob. 0.02
	Rs. 20000	with prob. 0.08
	Rs. 0	with prob. 0.90

Policy provide full coverage
Underwriting cost of 15% of pure premium
Interest rate 6%
Expected claim processing cost Rs. 3000
Fair profit 4% of pure premium

Q.5 Answer the following

A) Calculate Beta for each of the following companies　　　　　　　　　5

Year	Excel Ltd	Rm
2013	50	52
2014	-30	-60
2015	60	68
2016	70	64
2017	30	30

B) Equi-Stable, is a portfolio model where in 20% of Fund Value is invested in Fixed Income Bearing Instruments. The Balance of 80% is divided among Old Industry Stock (Iron and Steel), Automotive Industry Stock, Information Technology Stocks, Infrastructure Company Stocks and Financial Services Sector in the ratio of 4:2:6:3:5.　　　　　　　　　10

Three mutual funds A, B and C, offer a Fund Scheme based on the Equi-Stable Portfolio Model. The actual return on Equi Stable portfolios of each of the three funds for the past 3 years is as follows

Year	1	2	3
Portfolio A	17.35%	18.70%	21.60%
Portfolio B	17.20%	18.25%	22.15%
Portfolio C	17.10%	18.60%	22.00%

Beta factor of Equi-stable portfolio is measured at 1.35. Return on market portfolio 15.30% RBI bonds, guaranteed by the central government yields (Risk free return) 4.50%. Rate the fund managers of A, B and C.

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