

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP**

**SIXTH SEMESTER – APRIL 2016**

**BC 6602 – PORTFOLIO MANAGEMENT**

Date: 18-04-2016

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

**PART-A**

**ANSWER ALL QUESTIONS:**

**(10x2=20 Marks)**

1. What is meant by Investment?
2. Define Speculation.
3. Explain the term Revenue Return.
4. A had purchased a bond at a price of Rs.800 with a coupon payment of Rs.150 and sold it for Rs.1000.What is his holding period return?
5. A firm pays a dividend of 20% on the equity shares of the face value of Rs.100 each.Find out the value of the equity share given that the dividend rate is expected to remain same and the required rate of return of the investor is 15%.
6. The risk-free rate is 4% and the market risk premium is 8.6% and B of the Security is 1.3.What is the expected return of the security under CAPM?
7. What is meant by deep discount bond?
8. State why current money is preferred over future money?
9. What is company analysis?
10. Explain 'problems in analysis'.

**PART-B**

**ANSWER ANY FOUR OF THE FOLLOWING:**

**(4x10=40 marks)**

11. Discuss different steps in portfolio management.
12. What is meant by Risk and Return of a portfolio?
13. How the return investment be measured? What are the elements of return?
14. What is SML and how it helps in pricing of Securities?
15. What are the advantages and disadvantages of investing in real estate?
16. ABC Ltd has invested Rs.50,000 in a portfolio of shares .It has invested 30% in shares of R Ltd and balance in shares of S Ltd. The expected return from these two companies are 15% and 12% respectively. Find out the expected return in percentage and in absolute amount.
17. M Ltd has to make a payment on 30th January 2017 of Rs.80 lakhs. IT has surplus cash to-day (i.e, 31st October 2016) and has decided to invest sufficient cash in a bank's certificate of Deposit scheme offering an yield of 8% p.a on simple interest basis. What is the amount to be invested now?

**PART-C**

**ANSWER ANY TWO QUESTIONS:**

**(2x20=40 marks)**

- 18. Explain the factors that affect the fundamental analysis.
- 19. What are the different measures for evaluation of performance of a portfolio?
- 20. Explain the CAPM. How does it help in estimating the expected return of a security?
- 21. The following information is available in respect of three securities.

Security	Expected Return	Risk
I	18%	20%
II	10%	12%
III	10%	15%

If a portfolio is to be constructed, would any security dominate other? If yes, Why?  
Find out the co-efficient of variation of Securities I and III.

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