



Date: 10-05-2018

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

SECTION- A

ANSWER ALL QUESTIONS

(10x2=20)

1. Define the term 'Investment'.
2. State the meaning of 'speculation'.
3. What is capital risk?
4. Mr. A buys an asset for Rs 75 carrying a coupon payment of Rs.15 Determine the holding period return if;
He sells the asset for Rs.100
5. Following data are furnished to you:
Beta: 1.45
Expected risk -free rate of return: 2.5%
Expected market rate of return: 10%
Using the CAPM, you are required calculate expected rate of return.
6. From the following data. you are required to determine the value of equality share today:
Current DPS: Rs.15
Expected rate of equity return of 10%
7. What is 'Treyner's Ratio'?
8. What is yield- to- maturity?
9. What is company analysis?
10. How is 'sustainable growth rate' measured?

SECTION – B

ANSWER ANY FOUR QUESTIONS

(4x10=40)

11. Distinguish investment and speculation.
12. State the need for portfolio management.
13. Explain the various components of portfolio risk.
14. Differentiate between CAPM and APM.
15. Calculate the YTM of a bond whose current value is Rs.924 issued at Rs, 1000 at 8% rate of interest per annum. Assume that the bond will be redeemed after 5 years at par Use 'Approximation method'.
16. From the following data, you are required to determine the value of equity share today.
DPS : Rs.8

Growth rate of dividend of 10%

Expected rate of equity return of 15%
17. What is national industry analysis? Explain the factors that influence the same.

SECTION – C

ANSWER ANY TWO QUESTIONS

(2x20=40)

18. What are the different types of risks? Explain each of them briefly.
19. Discuss the objectives and importance of portfolio management.
20. Bring out the assumptions, implication and limitations of CAPM.
21. The shares of a company have the following possible returns with the associated probabilities.

Return %	Probability.
30	0.10
20	0.05
10	0.20
15	0.15
25	0.25
10	0.25

You are required to calculate expected rate of return and expected risk and comment.
