LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – **COMPUTER APPLICATIONS**

FIFTH SEMESTER – **NOVEMBER 2024**

UCC 5602 – PORTFOLIO MANAGEMENT

Date: 18-11-2024 Dept. No. Max. : 100 Marks
Time: 09:00 am-12:00 pm

SECTION A

Answer ANY FOUR of the following **(4 x 10 = 40 Marks)**

1. The expected cash inflows are as follows:

Year	1	2	3	4	5
Cash inflow (Rs.)	10,000	12,000	14,000	16,000	20,000

The discount rate is 10%. Ascertain the present value of cash inflows.

2. Explain the steps in Portfolio Development.
3. Highlight the Importance of the role of Portfolio managers.
4. Allen Ltd. Pays a dividend of Rs. 4 per share. Its shares are currently quoted at Rs. 40, and investors expect a growth rate of 10% per annum.

   Calculate:

   a) Cost of equity capital
   b) Expected market price per share if the anticipated growth rate is 11% and

   The market price of the dividend is Rs. 4, the cost of capital is 16%, and the growth rate is 10%.

5. Detail the different kinds of bonds
6. A person is required to pay five equal annual payments of Rs. 10,000 each in his deposit account that pays 10% interest per year. Find out the future value of the annuity at the end of 5 years.
7. Explain in detail the "Modern Portfolio Theory"
8. The returns on the share of BHELand the Market return for the past five years are given below:

Market Return (%)	BHEL (%)
-12.5	-5.1
1.7	6.7
7.2	7.1
11.5	18.9
6.3	11.9

Calculate the average return on BHEL shares and market return. What is BHEL's beta?

SECTION B

Answer ANY THREE of the following **(3 x 20 = 60 Marks)**

9. Difference between Futures and Forwards
10. Kumar invested Rs. 3,00,000 at 12% p.a for 6 years. What will be the value of investment after two years if interest is compounded

    (a) annually; (b) semi-annually;

    (c) quarterly and (d) monthly? Which is more beneficial to Kumar?
11. Summarise the different types of Derivatives with examples in detail.
12. Design an optimal education funding plan for a family aiming to send their child to college in 18 years. Using advanced time value of money calculations; determine the precise amount needed for education expenses at the time of enrolment. Develop a tailored investment strategy, justify the asset allocation, and construct a savings plan that balances risk and return to effectively achieve the financial goal.
13. Explain the SEBI regulations regarding the portfolio operations.
14. Discuss the advantages of investing in mutual funds and how they contribute to achieving financial goals. Include considerations of diversification, professional management, liquidity, and investment options.

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