Duration : 2.30 Hours Marks : 75

NB: (1) All questions are compulsory.

(2) Figures to the right indicate marks allotted to each question.

1. (A) Match the following. **(Any 8)** (08 Marks)

Group Á	**Group B**
(a) Equity share	(1) Debt Fund
(b) Preference share	(2) Discounted value
(c) Fundamental analysis	(3) Fixed Dividend
(d) PPF	(4) Unsecured Deposit
(e) Public Deposit	(5) Tax Saving Investment
(f) Investment Bank	(6) Registered office
(g) Post Office	(7) Initial public offering
(h) Present Value	(8) Ratios
(i) Bond	(9) Bear Market
(j) Expectation to fall price	(10) Risky Capital

1. (B) Give True or False: **(Any 7)** (07 Marks)

1. Small-cap stocks tend to offer more growth potential than large-cap stocks.
2. Risk is highest in callable bonds.
3. The higher the risk of a security, the lower would be the return expected from it.
4. Speculative activities are harmful.
5. Fundamental analysis is a method of evaluating a security.
6. Examples of solvency ratio include current ratio and quick ratio.
7. Price level and inflation affect the economy of the country.
8. The efficient market hypothesis (EMH) states that the financial markets are inefficient.
9. Risk is measured by variability in returns.
10. A risky asset is one whose return is certain as a Government Security.

2. (a) Distinguish between investment and Speculation? (08 Marks)

(b) Explain the phases of Portfolio Management. (07 Marks)

OR

2. The rate of return of stock Alpha and Beta under different status of economy are given below :

Particular	Boom	Normal	Recession
Probability	0.35	0.50	0.15
Return of stock Alpha (%)	30	50	70
Return of stock Beta (%)	70	50	30

(a) Calculate the expected return and standard deviation of return on both the stock.

(b) If you could invest in either stock Alpha or stock Beta, but not in both.

(c) Which stock would you prefer? (15 Marks)

3. Following information is available relating to X Limited and Y Limited.

Particulars	X Limited	Y Limited
Equity Share Capital (Rs.10 face value)	Rs.300 lakhs	Rs.350 lakhs
Profit after tax	Rs.50 lakhs	Rs.70 lakhs
Proposed Dividend	Rs.35 lakhs	Rs.40 lakhs
Market Price Per Share	Rs.200	Rs.280
Current Assets	Rs.80 lakhs	Rs.90 lakhs
Current Liabilities	Rs.40 lakhs	Rs.45 lakhs

Calculate : (i) Earnings per share (ii) P/E Ratio (iii) Dividend Payout Ratio

(iv) Return on Equity Shares (v) Current Ratio

As an analyst inform the investor which is good in investing. (15 Marks)

OR

3. (a) Explain Technical Analysis and principles of Technical Analysis. (08 Marks)

(b) Explain Operating Leverage and Financial Leverage and its uses. (07 Marks)

4. (a) The details of three portfolios are given below.

Portfolio	Return on Portfolio (%)	Beta	Standard Deviation (%)
Sony	18	1.2	28
Mony	12	0.8	32
Tony	16	1.1	36
Market Index	14	1.0	22

Compare these portfolio on performance using Sharpe and Treynor measures.
Risk Free return is 8 %. (08 Marks)

4. (b) A Government of India bond of Rs.1,000 each has a coupon rate of 7.5% p.a. and maturity period is 10 years. If the current market price is Rs. 960. Find YTM. (07 Marks)

OR

4. (c) Give assumptions of the Efficient Market Hypothesis. (08 Marks)
(d) Explain Capital Market Line with diagram. (07 Marks)

5. (a) Returns of Apple Limited and Orange Limited are given for four years with market returns. You are required to compute Beta of Apple Limited and Orange Limited (08 Marks)

Year	Apple Limited (%)	Orange Limited (%)	Market (%)
1	11	13	12
2	13	14	14
3	12	11	14
4	10	10	16

(b) What are the three forms of efficient market? Explain. (07 Marks)

OR

5. Give short notes on: **(Any three)** (15 Marks)
1. Mutual Fund
2. Markowitz Model
3. Bond Risk
4. Types of Leverages
5. Arbitrage Pricing Theory

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