[Time: 2 $\frac{1}{2}$ Hours] **[Marks: 75]**

Please check whether you have got the right question paper.

N.B: 1. All questions are compulsory.
2. Numbers at right indicate marks.

Q.1 Answer **any two** **15**

a) Discuss factors influencing selection of investment alternatives.
b) Explain roles and function of investment banks.
c) Define Investment. Distinguish between Investment and Gambling.

Q.2 Answer **any two** **15**

a) Given below are the likely returns in case of shares of Star Ltd. and Moon Ltd. In the various economic conditions.

Economic	**Probability**	**Return (%)**	
Condition		Star Ltd.	Moon Ltd.
High Growth	0.3	15%	10%
Low Growth	0.4	13%	11%
Stagnation	0.2	9%	12%
Recession	0.1	6%	14%

i. Calculate the expected rate of return, and standard deviation of return on stock of Sun Ltd. and Moon Ltd.
ii. If you could invest in either stock of Sun Ltd or Moon Ltd., but not in both which stock would you prefer?

b) From the following calculate Beta of a security.

Year	**Return on Security (%)**	**Return on Market Portfolio Market (%)**
1	10	12
2	12	11
3	15	14
4	10	12
5	08	11

c) Define risk. Explain risk return relationship.

Q.3 Answer **any two** (7 *1/2* Marks each) **15**

a) Define portfolio management. Explain portfolio Management process.

b) Following information is available relating to Amol Limited

Particulars	Amol Ltd
Equity Share Capital (Rs.10 face value)	Rs.200 lakhs
12% Preference Shares	Rs.80 lakhs
Profit after Tax	Rs.50 lakhs
Dividend per share	Rs.2
Market Price Per Share	Rs.20

i. Earning per share
ii. *PIE* Ratio.
iii. Dividend Pay-out Ratio.
iv. Return on Equity Shares.

c) Explain various types of charts used in technical analysis.

Q.4 Answer **any two** **15**

a) Explain Dow Jones Theory.

b) The expected Return and Beta of three securities are as follows:

Securities	A	B	C
Expected Return (%)	18.0	11.0	15.0
Beta Factor	1.7	0.6	1.2

If risk free rate is 9% and market return are 14%, calculate expected return using Capital Asset Pricing Model (CAPM)

c) Following are the details of three portfolios:

Portfolio	Avg. Rerun (%)	Std. Deviation	Beta
A	12	0.20	1.25
B	13	0.25	1.15
C	11	0.30	1.00
Market Index	14	0.25	1.10

The risk free rate of return IS 9%. You are required to compare these portfolios on performance using Sharpe's, and Treynor's Measure and Comment

Q.5 Case study **15**

Mr. Owais a leading manager in a multinational company approaches your portfolio Management Consultancy, with an investible surplus of Rs.30 Lakhs. You are required to advise him on the following:

A. What are the various investment opportunities available to him, which will give him stable return with minimum risk? **08**

B. What are the various types of risk associated with investment? **07**
