

**FMI 03**

Financial Markets &amp; Institutions.

AAS (FMI)  
17/10/12  
17.10.2012

Roll No.

Total No. of Printed Pages: 3

Total No. of Questions: 4

Maximum Marks: 30

(For section A)

(For section A)

Duration (hrs.) : 1 hr. 30 min

**Section - A****Note: Attempt any 3 questions, each question carries 10 marks**Section A & Section B to be solved on separate answer book.

- 1) Explain 15 types of Mutual Funds with the help of relevant examples
- 2) Explain determinants of Interest rate with the help of macro economical indicators.
- 3) You are Mr. Sandeep Chavan & you want to make portfolio with a capital of Rs. 1 crore. In the current scenario construct a portfolio with the above capital. You can invest your capital in any asset class. Provide reasoning behind your allocation. You are also required to specify the allocation along with the time frame you are targeting & the expected return. In case you allocate any amount to equity specify the scripts, sectors you would invest into. Similarly for Mutual Funds specify the type of fund you want to invest.
- 4) Select the best Mutual fund with the help of following data

	Return	Standard Deviation	Beta
A	16.5	25.6	1.25
B	15.3	20.5	0.95
C	9.5	15.8	0.85
D	22.5	16.5	1.15
E	18.5	18.5	1.05
Market	14	13.5	1

Roll No:

Section - B

Total No of Questions:4

Maximum Marks: 30

Duration (Hrs): 1.30

Note: Attempt **Any 3 Questions out of 4**

Question 1. 'Calculate cross currency rate between Euro & Pound explain it in term: "1 Euro" = "\_\_\_ Pounds"

- 1\$ =Rs 48.35-48.90
- 1 Euro=Rs.51.90-52.30
- 1Pound = \$ 1.49-1.50
- Explain Interest Parity Theory in brief.

Question 2. Calculate the Duration & Convexity effect on the price of the following bond

<b>Coupon</b>	10%
<b>Yield</b>	10%
<b>Maturity</b>	3 years
<b>Redemption Value</b>	1000
<b>Current Market Price</b>	1000
<b>Change in yield</b>	30 basis points
<b>Duration</b>	?
<b>Convexity</b>	200

Question 3. What is shares buy Back its benefits to Shareholders and company with examples

Question 4. Explain CAMELS in brief, and calculate CAR for following bank as per the applicable risk weights given in table below

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Sadhan Bank		
Asset Type	Amount (Rs mn)	Rating
Cash	125000	AAA
Government Securities	400000	AAA
Mortgage Loans	525000	AA
Rated Loans	875000	A
Unrated Loans	610000	Unrated
Other Assets	250000	BBB
Total Assets	278500	
Capital (T1+T2)	496500	

Rating	Risk Weights
AAA	0%
AA	20%
A	50%
BBB	150%
Unrated	100%