VPM's
Program: PGP (2014-15)
Second Semester Examination July2015 (Finance)

Subject	Portfolio and Risk Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	26-07-2015

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.
Q1) 20 Marks (Compulsory)

A-Rs. 16,00,000 to be invested. Projected inflows at 10% Two options available what alternative would you advise? Give reason for your answer   (10 Marks)

Year	Option I inflow	Option II inflow	Discount Factor
1	8,00,000	4,00,000	0.9091
2	4,00,000	8,00,000	0.8264
3	4,00,000	4,00,000	0.7513
4	4,00,000	4,00,000	0.6830

B- Calculate Holding period return of the following   (10 Marks)

Company	No of shares	Purchase price	Div. Recd	Bonus Period	Sold price	Brokerage Paid
A	200	575	1000	1:2	800	On purchase Rs 10,000/- paid
B	200	385	1000		795	
C	200	195	700		200	
D	200	285	1200		985	On sales Rs 8,200/-paid
E	200	685	2300		1010	

Attempt Any FOUR from the Remaining SIX Questions
Q2) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

 A   Match the following   (5 Marks)
1. Mutual funds   a. stocks regulatory
2. Bank deposits   b. USA
3. NYSE   c. systematic Invt. Plans
4. RBI   d. Debt
5. SEBI   e. Banks
                         f. Insurance
                         g. Risk free return
                         h. Fores regulatory

B State whether the statement are True or False and give reason in one or two sentences
   1) Mutual funds are having zero risks
   2) Stock investments are always beneficial
   3) Fores markets are always profitable
   4) One should have luck to make investments in stocks
   5) Return and risk are not compatible to each other   (5 marks)

C Explain the investments in which risk is inbuilt   (5 Marks)

Q3) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

A Rs 20,000 deposited in a bank @12% interest compounded half yearly how much amount one will get after a period of 6 years?   (5 Marks)

B Find present value of an annuity of Rs. 30,000/- over 3 years at the rate of 10%p.a. (5 Marks)

C Rate of return of stock X and Y under different states of the economy given below. Calculate Expected rate of return, std. Deviation and comment (5 Marks)

Particulars	Boom	Normal	Recession
Probability of occurrence	0.3	0.5	0.2
Rate of return on stock X (%)	25	35	45
Rate of Ret. on stock Y(%)	45	35	25

Q4) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

A Apply rule 72 and rule 69 and find out the doubling period of the followings interest rates
(I) 9%   (ii) 1075%   (iii) 9.25%   (iv) 16%   (v) 13.5   (5 Marks)

B Find the interest % by applying the rule 72 and 69 of the following   (5 marks)
(a) In 8.8 years (b) 7.5 yrs (c) In 4 yrs (d) In 4 yrs (e) In 6 yrs

C Find Beta of the following and comments   (5 Marks)

Year	Return on security %	Return on market portfolio %
1	10	12
2	12	11
3	15	14
4	10	12
5	08	11

Q5) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

A . With your own examples write about the HPR and Annualized Returns   (10 Marks)

B Calculate Sharpe, Treynor's and Jensen's measure from following information   (10 Marks)

Particulars	Portfolio	market
Avg return	7%	10%
Beta	0.4	1.0
Stnd Deviation	3%	8%
Risk Free rate	6%	6%

Q6) *Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks*

A Tran's world equity current sells @ Rs 32/- per share constant grown expected 10.5% and of the year dividend Rs. 2.50% per shares.
a- what is the expected rate of return?
b- if the investor wants 17% return, is it under priced or overpriced   (5

Marks)

B A GOI bond of Rs 1000/- has a coupon rate of 8% per Annam and maturity period in 20 years. If current market price is Rs 1050/- find YTM?   (5 Marks)

C CMP Rs.100/- put option available for 3 month   (5 Marks)

   a- strike price Rs 90/- Premium Rs 10/- find cash flows if the market closes on the last day of the expiry periods at the following rates :-

   i- Rs 90   ii- Rs 70   iii- Rs 100

Q7) *Any two from (a) or (b)* ──────── *(5x2) = 10 Marks*

A Match the following-   (10 Marks)

   a) Earning (PAT)   1-about the funds of the co.
   b) fund flow analysis   2- income statement
   c) revenue statement   3-dividends
   d) optional dividends   4- compulsory
   e) for shareholders   5- not required
                                                       6- Optional
                                                       7- The income after taxes

B Fill in the blanks from options provident   (10 marks)

   i.   wiener spot market is strong _____market is created on that
        [Future / cash/ current]
   ii. management of Risk is _____[impossible/ not possible at all/ to some extent possible]
   iii. interest is the cushion for _____[[inflation/ price increase/ price decrease]
   iv. Annualised return means return for _____[a year/ for a month / for 6 month]
   v.   technical analysis is opposite to _____[fundamental analysis/ statistical analysis/ mathematical analysis]