

**VPM's**  
**Program: PGP (2014-15)**  
**Second Semester Examination July 2015 (Finance)**

|                                   |                                      |                 |                   |
|-----------------------------------|--------------------------------------|-----------------|-------------------|
| <b>Subject</b>                    | <b>Portfolio and Risk Management</b> |                 |                   |
| <b>Roll No.</b>                   |                                      | <b>Marks</b>    | <b>60 Marks</b>   |
| <b>Total No. of Questions</b>     | <b>7</b>                             | <b>Duration</b> | <b>3 Hours</b>    |
| <b>Total No. of printed pages</b> | <b>2</b>                             | <b>Date</b>     | <b>25.07.2015</b> |

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

**Q1:- (A) what is Beta? Find out The Beta of the Following and given your comments (10marks)**

| <b>Year</b> | <b>Return on security</b> | <b>Return on market portfolio</b> |
|-------------|---------------------------|-----------------------------------|
| 1           | 10                        | 12                                |
| 2           | 12                        | 10                                |
| 3           | 13                        | 10                                |
| 4           | 10                        | 12                                |
| 5           | 8                         | 15                                |
| 6           | 11                        | 14                                |
| 7           | 16                        | 20                                |
| 8           | 12                        | 15                                |
| 9           | 18                        | 20                                |
| 10          | 20                        | 22                                |

**(B) Calculate Holding period return of the following (10 marks)**

| <b>Company</b> | <b>No of shares</b> | <b>Purchase price</b> | <b>Div. Recd</b> | <b>Bonus Period</b> | <b>Sold price</b> | <b>Brokerage Paid</b>        |
|----------------|---------------------|-----------------------|------------------|---------------------|-------------------|------------------------------|
| A              | 100                 | 580                   | 1200             | 1:2                 | 810               | On purchase<br>Rs. 8000 paid |
| B              | 100                 | 380                   | 1200             | -                   | 785               |                              |
| C              | 100                 | 195                   | 1000             | -                   | 275               |                              |
| D              | 100                 | 385                   | 1400             | -                   | 910               | On sales<br>Rs10,200         |
| E              | 100                 | 585                   | 1400             | -                   | 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 (5Marks)**

- |                 |                             |
|-----------------|-----------------------------|
| 1. bonds        | a. Depreciates              |
| 2. Gold         | b. Issued by Governments    |
| 3. Debentures   | c. Bullion Markets          |
| 4. Car          | d. Sip                      |
| 5. Mutual Funds | e. Scooter                  |
|                 | f. Not an investment        |
|                 | g. Issued by Pvt. Companies |

(B) State the statements are true or False and give reason in one or two sentence (5 Marks)

- A) Annuity relates to time value of money
- B) Risk and return goes together
- C) Security analysis important for market players
- D) Trends analysis important for market players
- E) Beta is useful for comparative analysis

(C) What is Risk? How do we manage the Risk in Investments? (5 Marks)

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

A. Explain portfolio Management. How portfolio management helps in bringing down the risk?

(5 Marks)

B. If ABC deposits Rs. 10,000 with a Bank at 12% interest compounded quarterly, how much amount he will get after a periods of 6 years? (5 Marks)

C. Find the future value of an annuity of Rs 30,000/- over 3 years at the rate of 10%

(5Marks)

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

A. -Apply Rule 72 and 69 and find out the Doubling period of the following Interest Rates being: (5 Marks)

I 9.1%

II 9.75%

III 8.75%

IV 10.75%

V 12%

B. -Find the interest percentage by applying the Rule 72 and Rule 69. The number of years given below. (Doubling Time Period)

(i) In 8.5 years (ii) In 7.5 years (iii) 3 & 5 years (iv) In 6 Years (v) In 4 years

(5 Marks)

C.-Find the present value of an annuity Rs. 1, 00,000 which you receive after 3 years @10% Interest per Annam. How much to be deposited today? (5 Marks)

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

A. – Write about Holding Period Return and Annualized Return with year own examples. (10 Marks)

B. – Calculate Sharpe's Treynor's and Jensen's Ratios from the following information (10 Marks)

| Particulars    | Portfolios |       |       |
|----------------|------------|-------|-------|
|                | A          | B     | C     |
| Beta           | 1.10       | 0.80  | 1.8   |
| Return(%)      | 14.50      | 11.25 | 18.5  |
| Stnd. Dern (%) | 10.00      | 7.50  | 12.0s |

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

(A) Find YTM. GOI Bond of Rs.1000/- has a coupon rate of 7.5% p.a. and maturity period is 20 years current market price is Rs. 1060 find YTM? (5 Marks)

(B) RIL Ltd paid Rs. 3/- as dividend per share in its equity shares for last year. It is expected to grow at 10% per year for indefinite future, what is the expected rate of return if current market price is Rs.15/-. It required rate of return is 15% what would be the value of stock? (5 Marks)

(C) What are Futures & Options? Give Examples. (5 Marks)

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

A. - CMP. Rs 1000 for 3 months call option strike price available @ Rs. 1030. Premium Rs 30 to be paid. Find the cash flow if the market closes on the last day of the expiry period at following rates: (5 Marks)

1-Rs 1060

2- Rs.1090

3- Rs. 1050

B- Match the following (5 Marks)

- |                      |                                      |
|----------------------|--------------------------------------|
| 1. EPS               | a. For shareholders                  |
| 2. Book Value        | b. compulsory dividend               |
| 3. P.E. Ratio        | c. Income statements                 |
| 4. Dividends         | d. Cash flow analysis                |
| 5. Preference Equity | e. capital Reserves surplus / Equity |
|                      | f. Price Earning Ratio               |
|                      | g. Earning per share                 |

C- Fill in the banks (from options given) ( 5 Marks)

1- Options and Futures Is About \_\_\_\_\_market. [Derivations, Spot And Cash, Current]

2- Risk Management Is About Risk And\_\_\_\_\_. [Return, Payment, Interest]

3- Investment Is For The Benefit Of Fighting Against\_\_\_\_\_ [Inflation, Deflation. Stagflation]

4- Portfolio is \_\_\_\_\_ [single, Collection. Infinitive]

5- Technical Analysis Is \_\_\_\_\_ [Fundamental, Optional, About Volume, Prices]

**BEST OF LUCK**

