US – 750

VI Semester B.B.M. Examination, May/June 2007
(Semester Scheme)
6.5 – E-3 : Paper – IV : PORTFOLIO MANAGEMENT

: 3 Hours Max. Marks : 90

Instruction: Answers should be written ***completely in English.***

SECTION – A

Answer **any ten** of the following sub-questions. **Each** sub-question carries **2** marks. **(10×2=20)**

a) What is a portfolio management ?

b) What is a security ?

c) What is an Indirect investment ?

d) What is a systematic risk ?

e) What is liquidity of investment ?

f) What is an arbitrage ?

g) What is an option ?

h) What is an annuity ?

) What is meant by Rolling settlement ?

) Who is a Depository ?

) An investor purchased a share for Rs. 84. At the end of first year the share price is Rs. 96 and the company declared dividend of Rs. 2 per share. Find the holding period yield of the investor.

) How much should we deposit in the bank today at 5% interest in order to have Rs. 200 after one year ?

SECTION – B

wer **any five** questions. **Each** question carries **5** marks. **(5×5=25)**

hat are the characteristics of investments ?

hat are the advantages of listing of shares ?

P.T.O.

4. Write notes on :
   a) OTCEI
   b) BOLT.

5. What are portfolio objectives ?

6. What are the benefits of investing in Mutual Funds ?

7. A portfolio consists of assets with the following expected returns.

Assets	Expected Return	Weightage in Portfolio
Bank Deposits	5%	10%
Bullion	10%	20%
Real estate	20%	40%
Shares in Tata Tea Ltd.	15%	30%

   a) What is the expected return on the portfolio ?
   b) What will be the expected return if the individual reduces the holding i
   estate to 30% and increases the investment in Bullion by 10% ?

8. If an investor purchases a 5 year Rs. 1000 par value bond bearing nominal interest at 9%, what amount should he be willing to pay now to get a requi of 10% to purchase the bond if on maturity he will receive the bond value

   You are given

Period (in years)	:	1	2	3	4	5
PV factor at 10%	:	.909	.826	.751	.683	.621

9. The weightage and Beta of different stocks in a portfolio are as given belo the β (Beta) of the portfolio.

Stock	Weightage	Beta
P	15%	1.3
Q	35%	1.9
R	10%	0.1
S	40%	1.7

SECTION – C

swer **any 3** questions. **Each** question carries **15** marks : **(3×15=45)**

Discuss the investment avenues available to investors.

Discuss Marcowitz's Model of portfolio analysis. What are its limitations ?

Explain the role of SEBI in the Indian Capital Market.

What are the economic indicators of stock market ?

Given below the information relating to two securities X and Y

	Security X	**Security Y**
Expected Return	15%	20%
Standard Deviation	10%	15%
Weight	0.60	0.40

If correlation co-efficient is – 0.3

Calculate :

) Expected return of the portfolio.

) Standard deviation of the portfolio.

) Which is better :

a) 100% investment in stock X

b) 100% investment in stock Y

c) Combination of stock X and Y as given above.