Name:
Enrolment No:

UPES
End Semester Examination, December 2024

Course: INT BBA-MBA (FIN) **Semester: VII**
Program: Portfolio Management **Time: 03 hrs.**
Course Code: FINC8038   **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	Which of the following are most liquid in nature a. Bonds b. Stocks c. Fixed Assets	**2**	**CO1**
Q 2	Risk-Return trade-off implies: a. Minimization of risk b. Maximization of risk c. Ignorance of risk d. Optimization of risk	**2**	**CO1**
Q 3	Which one of the following is an efficient portfolio? a) Highest return at a particular level of risk. b) Minimum risk for given levels of return. c) Higher return at the same risk of lower risk. d) Lower return at the lower risk.	**2**	**CO1**
Q 4	Which one of the following is an efficient portfolio? a) Highest return at a particular level of risk. b) Minimum risk for given levels of return. c) Higher return at the same risk of lower risk. d) Lower return at the lower risk	**2**	**CO1**
Q 5	A group of securities is known as a. Investment b. Portfolio c. Security d. Gambling	**2**	**CO1**
Q 6	According to the CAPM, which of the following is true about an asset with a beta of 0? a) It has no risk. b) It has only unsystematic risk. c). It has the same expected return as the risk-free rate. d) It has a higher expected return than the risk-free rate.	**2**	**CO1**
Q 7	Diversification reduces	**2**	**CO1**

	a) Inflation risk. b) Market risk. c) Interest rate risk. d) Unique risk.		
Q 8	Standard deviation can be used to measure: a. Risk of an investment b. Return of an investment c. Both a and b d. None of a and b	**2**	**CO1**
Q 9	SML stands for a. Straight Margin Line b. Security Market Line c. Security Margin Line	**2**	**CO1**
Q10	Which of the following is true? a. Higher the Beta, lower the risk b. Higher the Beta, higher the risk c. Risk is constant d. Beta is constant	**2**	**CO1**

SECTION B
4Qx5M= 20 Marks

Q 11	Suppose a share is currently selling at ₹220. An investor who is interested in the share anticipates that the company will pay a dividend of Rs 6 in the next year. Moreover, he expects to sell the share at ₹185 after one year. Calculate the expected return from the investment.	**5**	**CO2**
Q 12	Define risk and distinguish between systematic and unsystematic risk	**5**	**CO2**
Q 13	What is beta? How it is interpreted?	**5**	**CO2**
Q 14	What are the limitations of Modern Portfolio Theory?	**5**	**CO2**

SECTION-C
3Qx10M=30 Marks

Q 15	Critically evaluate the reason for the conflicting performance ranking by Treynor and Sharpe? Which ranking you would prefer & why?	**10**	**CO3**
Q 16	With the following information, you are required to calculate the Beta of a stock using regression model: $\Sigma XY = 2160.49$; $\Sigma X = 49.82$; $\Sigma Y = 111.69$; $\Sigma X2 = 1432.75$; $n = 12$ Where, Y is the stock return and X is the market return.	**10**	**CO3**
Q 17	From the following information you are required to calculate the risk. 	Return	Probability
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30	0.20		**10**	**CO3**

40	0.40
50	0.30
60	0.20
70	0.10

SECTION-D
2Qx15M= 30 Marks

Attempt any two

Q 18	You are considering two assets with the following characteristics: $E(R1) = .15$ $\sigma1 = .10$ $W1 = .5$ $E(R2) = .20$ $\sigma2 = .20$ $W2 = .5$ Compute the mean and standard deviation of two portfolios if $r1,2 = 0.40$ and -0.60, respectively. Plot the two portfolios on a risk-return graph and critically interpret the results.	**15**	**CO4**
Q 19	Sunil owned five securities at the beginning of the year in the following amount and with the following current and expected end-of-year price: 	Security	Share amount	Current Price	Expected year-end price
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A	150	40	55
B	100	30	40
C	85	20	25
D	90	30	35
E	125	40	45 | What is the expected return on Sunil's portfolio for the year?	**15**	**CO4**
Q 20	What are the basic assumptions of CAPM? What are the advantage of adopting the CAPM model in portfolio management? Anlayse in context of finance professional?	**15**	**CO4**