

Q1) (A) Choose the right answer with reasons 10 Marks

1. A portfolio manager by evaluating his own performance can identify sources of _____

1. Risk or return
2. Strength or Weakness
3. Beta or Standard Deviation
4. Buying or selling shares

2. Portfolio performance is evaluated over a _____

1. Period
2. Year
3. Time-interval
4. A month

3. Sharp measure of Portfolio evaluation uses the _____ of returns as the measures of risk.

1. Standard Deviation
2. Variance
3. Range
4. Beta

4. The intrinsic value of a share is based on _____ that the investor expects to receive in future.

1. Dividend
2. Capital Gain
3. Cash Flow

4. interest

5. The stock valuation model should generate changes in _____ for stocks.

1. Expected Return

2. Revised Return

3. Regular Return

4. Average Return

Q1) (B) What is the present value of the following cash stream if the discount rate is 12%?

(5)

Year	0	1	2	3	4
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Cash Flow	5000	6000	8000	10000	12000
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Q2) (A) An investment of Rs 40,000 made on 1/04/02 provides inflows as follows: (8)

Date	Alternative I	Alternative II
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01/04/03	20,000	10,000
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01/04/04	10,000	20,000
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01/04/05	10,000	10,000
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01/04/06	10,000	10,000
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Which alternative would you prefer if the investor's expected return is 10%? Give reason(s) for your preference.

Q2) (B) 'C' Ltd. paid dividend Rs 1.80 per share. The forecast is that dividend will grow by 5% per year into the infinite future. If the required rate of return is 11% and the current market price of the Company's share is Rs 40, find out its intrinsic value. (7)

Or

Q2) (A) Key determinants of share value ? (8)

Q2) (B) Portfolio Theory? (7)

Q3) (A) Calculate Sharp, Treynor, Jensen's Ratio : (8)

Portfolio Avg. Return(%) Std.Deviation(%) Beta

A 15 20 1.25

B 12 35 .75

C 10 15 1.20

D 12 25 .85

Market Return :12% and Risk free return is 6%

Q3) (B) Calculate Beta (7)

Years A Ltd. Market

1 12 18

2 -9 14

3 15 21

4 20 24

5 15 16

Or

Q3) (A) (i) Systematic Risk 8 Marks

(ii) Unsystematic Risk

Q3) (B) Portfolio Evaluation 7 Marks

Q4) (A) ABC Company Ltd. pays an annual dividend of Rs. 4 per share. The company does not intend to change its dividend

1. If the investors require 8% return on company's share what should be its market price?
2. What would be the current market price of the company's share if the required rate changes to 12%. (8)

Q4) B)PQR Ltd.paid its first cash dividend RS 2.50 and growth rate is 20% for next 3 years and there after it will grow at 10%. Return is 15% find out value of share. (7)

Or

Q4) (A) What is Portfolio Performance Evaluation ? How to measures the portfolio performance? (8)

Q4) (B) Write short notes: (7)

1. Selection of Asset Mix
2. Need for Portfolio Revision