

Name:  
Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES  
End Semester Examination, May, 2019

Course: BBA(FAS)- Security Analysis & Portfolio Management

Semester: IV

Course Code: FINC 3010

Programme: BBA (FAS )

Time: 03 Hours

Max. Marks: 100

Instructions:

ATTEMP ALL QUESTIONS

SECTION A (Short Theory)

40 Marks

		Marks	CO
Q1.	What is financial investments? How it is different from real investments?	10	CO1
Q2.	Define Risk. What are the various sources of risk in an investment? Explain and elucidate.	10	CO2
Q3.	How can total risk on a security be calculated? Explain with the help of a hypothetical example?	10	CO3
Q4.	Distinguish between: (a) Open ended and close ended mutual funds (b) Income & growth funds (c) SIP & SWP	10	CO3

SECTION B (Long Numerical)

30 Marks

		Marks	CO																
Q5.	<p>Following information is available in respect of three mutual funds schemes.</p> <table border="1"><thead><tr><th>Mutual Fund</th><th>Actual Returns %</th><th>Beta</th><th>S.D (%)</th></tr></thead><tbody><tr><td>A</td><td>14</td><td>0.7</td><td>21</td></tr><tr><td>B</td><td>26</td><td>1.2</td><td>30</td></tr><tr><td>B</td><td>24</td><td>1.15</td><td>29</td></tr></tbody></table> <p>The return on market index is 22% and standard deviation of return on market index is 25%. Risk free rate is 5% Calculate <b>Sharpe Ratio, Treynor Ratio &amp; Jensen Alpha</b> for ALL mutual funds and market index and RANK THEM &amp; STATE REMARKS in terms of Under/Out performed the market.</p>	Mutual Fund	Actual Returns %	Beta	S.D (%)	A	14	0.7	21	B	26	1.2	30	B	24	1.15	29	10	CO3
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Q6.	<p>The relevant details of a company are: Annual turnover Rs.50 Lakhs Operating profit 20% Equity share capital Rs.20 lakhs (FV Rs.100) Capital reserves Rs.5 Lakhs 12% preference share capital Rs.20 Lakhs 10% Term Loan Rs.10 Lakhs 12% Debt Rs.10 Lakhs Tax rate 30%, Dividend payout ratio 50%, P/E=30</p>	10	CO2,3																

Find out:  
 (1)EPS  
 (2)DPS  
 (3)MARKET PRICE  
 (4)EARNING YIELS  
 (5)DIVIDEND YIELD

Q7. An investor has 78% of his funds invested in security A and 22% invested in security B. The risk & expected return data is given below:

Security	Risk %	Expected Return %	Co-Variance %
A	16.32	9.82	0.43
B	32.86	14.97	

What is the portfolio's Expected Return & Risk respectively?

10

CO2

**SECTION-C (Case Let)**

Marks

CO

Q8. From the following particulars, prepare Balance sheet as on 31-03-18

1. Current ratio 2
2. working capital Rs.400000
3. capital block to current assets 3:2
4. fixed assets to turnover 1:3
5. sales cash/ credit 1:2
6. debenture/ share capital 1:2
7. stock velocity 2 months
8. creditors velocity 2 months
9. debtors velocity 2 months
10. gross profit ratio 25% on sales
11. CAPITAL BLOCK:  
 Net profit 10% of turnover  
 Reserves 2.5% of turnover

30

CO3,4

**Note:-Working notes should form part of your Answer**

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**SECTION A (Short Theory)**

**40 Marks**

		Marks	CO
Q1.	Define Mutual Fund. Explain advantages of investing through systematic Investment Plan.	10	CO1
Q2.	Define Risk. What are the various sources of risk in an investment? Explain and elucidate.	10	CO2
Q3.	Distinguish between Beta & Standard Deviation <b>AND</b> Sensex & Nifty.	10	CO3
Q4.	Distinguish between: (d) Open ended and close ended mutual funds (e) Income & growth funds (f) SIP & SWP	10	CO3

**SECTION B (Long Numerical)**

**30 Marks**

		Marks	CO																
Q5.	<p>Following information is available in respect of three mutual funds schemes.</p> <table border="1"> <thead> <tr> <th>Mutual Fund</th> <th>Actual Returns %</th> <th>Beta</th> <th>S.D (%)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>14</td> <td>0.7</td> <td>21</td> </tr> <tr> <td>B</td> <td>26</td> <td>1.2</td> <td>30</td> </tr> <tr> <td>B</td> <td>24</td> <td>1.15</td> <td>29</td> </tr> </tbody> </table> <p>The return on market index is 22% and standard deviation of return on market index is 25%. Risk free rate is 5%</p> <p>Calculate <b>Sharpe Ratio, Treynor Ratio &amp; Jensen Alpha</b> for ALL mutual funds and market index and RANK THEM &amp; STATE REMARKS in terms of Under/Out performed the market.</p>	Mutual Fund	Actual Returns %	Beta	S.D (%)	A	14	0.7	21	B	26	1.2	30	B	24	1.15	29	10	CO3
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Q6.	Differentiate between: (i) Systematic Risk & Unsystematic Risk (ii) Money Market & Capital Market	10	CO2,3																
Q7.	Following information is available in respect of rate of return on security T	10	CO2																

Condition	Probability	Rate of Return on T
BAD	.10	8%
AVERAGE	.50	15%
GOOD	.40	20%

Find out the expected return and risk of security T

**SECTION-C (Case Let)**

**Marks**

**CO**

Q8.

A company having a net working capital of Rs.280000 as on 30.6.2018. Indicated the following financial ratio's and performance figures:

Current Ratio	2.4:1
Liquidy Ratio	1.6:1
Inventory turnover (on cost of sales)	8
Gross profit on sales	20%
Credit allowed (months)	1.5

The company's fixed assets are equivalent to 90% of its Net Worth while reserves amounted to 40% of share capital.

Prepare the Balance Sheet of the company as on 30.6.2018 showing step by step calculation.

**Note:-Working notes should form part of your Answer**

**30**

**CO3,4**