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1205M173

Candidate's Seat No :________

P.G.D.I.F.A. (Sem.-II) Examination

Paper V : Investment Management

Time : 3 Hours] **May-2017** **[Max. Marks : 100**

Q 1 A) Write a note on "Need of Investment" **(6)**

Q 1 B) Explain the process of investment in detail. **(6)**

OR

Q 1 A) Explain the term "Investment" and its characteristics of investment. **(6)**

Q 1 B) Write a note on Mutual Fund and explain its advantages **(6)**

Q 2 A) Explain the main components of Financial System **(6)**

Q 2 B) Explain the term money market and its characteristics. **(6)**

OR

Q 2 A) Explain the term capital market and its characteristics. **(6)**

Q 2 B) Explain the concept of Derivative and explain the various instruments of Hedging. **(6)**

Q 3 A) Explain the term "Systematic Risk" and "Non-Systematic Risk" **(6)**

Q 3 B) Explain the Industry Analysis as a part of fundamental analysis. **(6)**

OR

Q 3 A) Explain the Company Analysis as a part of fundamental analysis. **(6)**

Q 3 B) Explain the term Technical Analysis and its main assumption **(6)**

Q 4 A) Calculate Treynor Composite performance ratio from the following data **(6)**

Investment Manager	Average Annual Return	Beta
Z	0.12	0.9
B	0.16	1.05
Y	0.18	1.2

The risk free return from the market is 8%

Q 4 B) Write a note on Portfolio management and Portfolio diversification. **(6)**

OR

Q 4 A) Explain the Markowitz optimal portfolio construction theory **(6)**

Q 4 B) Explain in detail the traditional approach and modern approach of portfolio management in brief

(6)

Q 5 A) Explain Investor Utility Function to measure the preference of Investor with example. **(6)**

Q 5 B) Explain the assumptions and Short-coming of CAPM (Capital Asset Pricing Model) **(6)**

OR

Q 5 A) Compare the CAPM (Capital Asset Pricing Model) and APM (Arbitrage Pricing Model)**(6)**

Q 5 B) Explain the term Capital Market Line **(6)**

Q 6 MCQ **(10)**

1. Which of the following investment areas is heavily tied to work using mathematical and statistical models?
   (A) Portfolio Management (B) Gambling (C) Retirement planning

2. The investment professionals that arrange the sale of new securities are called:
   (A) Arbitrators (B) Traders (C) Instrument Bankers

3. Money market Securities_____.
   (A) Are short-term (B) are long term (C) have high risk (D) all of the given

4. In Indian first stock exchange Bombay stock exchange was established in ______.
(A) 1875 (B) 1947 (C) 1993 (D) 1942

5. As the number of securities in portfolio increases the amount of systematic risk.
(A) Remains Constant (B) Decreases (C) Increases (D) Changes

6. Which of the following is not considered a basic economic force?
(A) Fiscal policy (B) Monetary Policy (C) Inflation (D) Competitor Policy

7. The reward to volatility ratio measure_____.
(A) Return above the risk free rate
(B) Excess return per unit of total risk
(C) Total risk per unit of excess return
(D) Return above the risk free rate relative to the risk free rate

8. The optimal portfolio is identified at the point of tangency between the efficient frontier and the ___.
(A) Highest possible utility curve (B) Lowest possible utility curve
(C) Middle range utility curve (D) Steepest utility curve

9. Which of the following is not one of the exemption of the CML?
(A) All investors have the same period time horizon.
(B) There are no personal income taxes.
(C) There are no transaction cost.
(D) None of the above

10 Which of the following is not true for APM (Arbitrage Pricing Model)
a) Arbitrage is based on derivation
b) Intercept is not defined in APM
c) Arbitrage pricing model is based on only Single factor i.e. – market risk premium