

MBA-2 Sem.-4 & MBA-3 Sem.-6 Examination**Finance****SA & PM****May-2025****Time : 2-30 Hours]****[Max. Marks : 70**

Note : Each question carry equal (14) marks. Attempt all 5 questions.

Q.1 You are an investor. You want to invest and you are looking for Investment Avenues. Which are the attributes one should consider while evaluating an investment? Compare Investment Avenues. (14)

Q.2 A The following information is available on a bond: Face value –Rs. 100, Coupon rate: 12 percent payable annually, Years to maturity: 6, current market price: Rs. 110, what is the duration of the bond? Calculate Yield to Maturity. (07)

B What is Portfolio Management? Compare and Contrast APT Model and CAPM Approach. (07)

Or

Q.2 A What is the difference between Fundamental and Technical Analysis? Explain in detail. (07)

B Compute the following: Arithmetic Mean, Geometric Mean, Variance and Standard Deviation. (07)

| Year | Return |
|------|--------|
| 1 | 0.07 |
| 2 | 0.03 |
| 3 | -0.09 |
| 4 | 0.06 |
| 5 | 0.10 |

Q-3

Stocks Y and Z have the following parameters:

| Particular | Stock Y | Stock Z |
|-------------------|---------|---------|
| Expected Return | 20 | 30 |
| Expected Variance | 16 | 25 |
| Covariance YZ | 20 | |

Is there any advantage of holding a combination of Y and Z? (14)

Or

Q-3 From the following information calculate the following: (14)

1. What are the betas of the stocks?
2. What is expected return on each stock if the market return is equally likely to

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be 6% or 20%?

3. If the risk free rate is 7% and the market return is equally likely to be 6 or 20% what is the SML?
4. What are the alphas of the two stocks?

| Market Return | Aggressive stock | Defensive stock |
|---------------|------------------|-----------------|
| 6% | 2% | 8% |
| 20 | 30 | 16 |

Q.4 Write short note on: (Any two) (14)

1. Efficient Frontier
2. CAPM and APT
3. Efficient Market Hypothesis

Q.5 Consider the following information for three mutual funds X, Y and Z and the market. The mean risk free rate is 6 percent. Calculate the Treynor, Sharpe and Jensen measure for the three mutual funds and market index. (14)

| Particular | Mean return (%) | Standard Deviation (%) | Beta |
|--------------|-----------------|------------------------|------|
| A | 12 | 18 | 1.1 |
| B | 10 | 15 | 0.9 |
| C | 13 | 20 | 1.2 |
| Market Index | 11 | 17 | 1.0 |
