

**SVKM's NMIMS**  
**School of Distance Learning**

Programme : PGDFM

Academic year : 2012 – 2013

Subject: Capital Market & Portfolio Management

Date: 8-07.2012

Semester : III

Course: New

Marks 70

Time: 3.00 p.m. to 6.00 p.m.

**Instructions:**

Candidates should read carefully the instructions printed on the question paper and on the cover of the Answer book, which is provided for their use.

NB:

1. All 4 questions are compulsory.
2. Candidates should attempt questions as per the internal options available.

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**Q.1. Write Short Notes on any two out of four**

**(10 Marks)**

- a) The assumptions of Technical Analysis?
- b) APM
- c) CAPM
- d) CML

**Q.2. Attempt any two out of five**

**(10 Marks)**

- a) What is Probability Distribution? Explain
- b) Explain Elliot Wave Theory
- c) Write Short notes on Dow Theory
- d) Distinguish between Bull Market & Bear Market
- e) What do you mean by Efficient Frontier? Explain

**Q.3. Attempt any three out of five****(30 Marks)**

a) The probabilities and associated returns of Modern Foods Ltd, are given below:

Returns %	12	15	18	20	24	26	30
Probability	0.05	0.10	0.24	0.26	0.18	.012	0.05

Calculate the Standard Deviation.

b) Mr. Marin provides the following information, from the same compute his expected returns, standard deviation and variance.

Events	1	2	3	4
Probability	0.20	0.40	0.30	0.10
Return (%)	-10	25	20	10

c) What do you mean by "The January Effect"? Explain in detail

d) What is Sharpe Ratio? Explain

e) What are the determinants of Portfolio Management? Explain in detail

Q.4. a) The rates of return on the security of company Wipro and market portfolio for 10 periods are given below:

**(10 Marks)**

Period	Return of Security Wipro %	Return on Market Portfolio %
1	20	22
2	22	20
3	25	18
4	21	16
5	18	20
6	-5	8
7	17	-6
8	19	5
9	-7	6
10	20	11

(i) What is beta of Security Wipro?

(ii) What is the characteristic line for Security Wipro?

b) Dummy Ltd. an investment company has invested in equity shares

**(10 Marks)**

of a blue chip company. It's risk free rate of return is 10 %, expected total return is 16%, market sensitivity index is 1.50 of individual security.

Calculate return as per CAPM.

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