

SA – 842

VI Semester B.B.M. Examination, April/May 2015  
(Repeaters) (Semester Scheme)  
(Prior to 2014-15)

(11-12 and Onwards/Prior to 11-12)

**BUSINESS MANAGEMENT**

Paper – 6.5 : Elective Paper – IV : Portfolio Management

Time : 3 Hours

Max. Marks : 100/90

- Instructions :**
- 1) Answers should be written in **English** only.
  - 2) Section **A, B** and **C** to be answered by **all**.
  - 3) Section **D** to be answered by **2013-14** students only  
(100 Marks).
  - 4) (100 Marks – 2013-14 only/90 Marks – Prior to 2013-14).

**SECTION – A**

Answer **any 10** of the following sub-questions. **Each** sub-question carries 2 marks.

(10×2=20)

1. a) What is a portfolio management ?  
b) What is a real asset ?  
c) What is speculation ?  
d) What do you mean by indirect investment ?  
e) Define risk.  
f) What is green shoe option ?  
g) Expand NASDAQ, OTCEI.  
h) Give the meaning of participating preference shares.  
i) What do you mean by red herring prospectus ?  
j) Calculate present value of ₹ 20,000 to be received after 5 years from now @ 8%.  
k) What is secondary market ?  
l) What is a mutual fund ?

P.T.O.



## SECTION - B

Answer **any 5** questions. **Each** question carries **5** marks.

(5×5=25)

2. What are the advantages of listing of shares ?
3. What is a Provident Fund ? Explain the different kinds of Provident Fund.
4. "Equity Shares are a good investment". Discuss.
5. Write a note on :
  - a) Wash sales
  - b) Stag
6. Distinguish between primary and secondary market.
7. What are the objectives of portfolio management ?
8. Calculate the face value of an annuity of ₹ 5,000 for 10 years, if the rate of interest is 12% p.a.

## SECTION - C

Answer **any 3** questions. **Each** question carries **15** marks.

(3×15=45)

9. Explain the different types of mutual funds.
10. How does Markowitz theory help in planning an investor's portfolio ?
11. What is a depository ? Briefly explain the working of depository system.
12. "Most investors are risk averse" – Elaborate.
13. A company paid a dividend of ₹ 2. It is expected to grow at 6% p.a. perpetually. What is the value of the share when
  - a) Equity capitalisation rate is 15%.
  - b) Equity capitalisation rate is 16%.
  - c) When growth rate is 7% and equity capital is 6%.

## SECTION - D

Section **D** is to be answered by **2013-14** students **only**.

14. Explain briefly the different types of Preference Shares.