Name: Enrolment No:	UPES UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM & ENERGY STUDIES

End Semester Exam (Online) – December, 2021

Program: BBALLB (CL-BIFL-ITIL) **Semester: V**
Subject/Course: Fundamentals of Investment **Max. Marks: 100**
Course Code: CLNL3003 **Duration: 3 Hours**

IMPORTANT INSTRUCTIONS

The Question Paper shall have **Four sections (A, B, C,D)**

Q.No	Section A (MCQ) 5 Question of 2 Marks each	Marks	
Q.1	Beta, β, of risk-free investment is: a) Zero b) 1 c) -1 d) None of these	2	
Q.2	Return of a portfolio is: a) Total return of all elements b) Average return of all elements c) Highest return d) Lowest return	2	
Q.3	Which of the following is diversifiable risk? a) Inflation risk b) Interest rate risk c) Seasonal risk d) All of the above	2	
Q.4	Standard deviation can be used to measure: a) Risk of an investment b) Return of an investment c) Both (a) and (b) d) None of(a) and (b)	2	

Q.5	Which of the following is true? a) Higher the Beta, lower the risk b) Higher the Beta, higher the risk c) Risk is constant d) Beta is constant	2	
	Section B (scan & upload) 4 Question of 5 Marks each		
Q.6	What is fundamental analysis? How is it performed?	5	
Q.7	Explain EIC (Economy-Industry-Company) approach	5	
Q.8	Equity shares of Badarpur Gas Ltd. are currently selling at Rs 60. The company is expected to pay a dividend of Rs. 3 after one year Xwith a growth rate of 8%. Find out the implied required rate of return for equity investors.	5	
Q.9	Mr. S. Presently having age of 26. His monthly expenditure is Rs.20000. He wants to get retire at the age of 62. The current and expected rate of inflation is 6%. Calculate roughly at the age of 62 What would be his monthly Expenditure.	5	
	Section C (scan & upload)2 Question of 10 Marks		
Q.10	Mr. Nanda wants to invest in a company that has just given a current dividend of Rs. 3 per share. Dividends are expected to grow at 20% for 10 years and at 8% thereafter perpetually. Find the value of the equityshare if the required rate of return of Mr. Nanda is 10%.	10	
Q.11	The relevant details of a company are: Annual Turnover = Rs. 5000000 Operating Profit = Rs. 20% Eq share capital (FV RS 100) = Rs 20,00000 Capital Reserves = Rs 500000 12% preference share capital = Rs. 2000000 10% term loans = Rs. 1000000 12% debentures = Rs. 1000000 Tax rate = 30% Div payout ratio = 50% P/E Ratio = 30 Find out (i) EPS (ii) Dividend per share (iii) Market price (iv) Earning Yield and (v) Dividend Yield	10	
	Section D (scan & upload)2 Question of 25 Marks		
Q12.	Find out NAV per unit from the following information: Size of the scheme Rs. 10,00,000 Face value of shares Rs. 10 Number of outstanding share Rs. 1,00,000 Market value of fund's investment Rs. 18,00,000 Bills receivable Rs. 20,000	25	

	Liabilities Rs. 10,000		
Q13.	Information about three mutual fund schemes X, Y and Z are available. **Mutual Fund** **Actual Return(%)** **beta** **S.D.(%)** X 14 0.70 21 Y 26 1.20 30 Z 24 1.15 29 The return on market index is 22% and standard deviation of returns on market index is 25%. The risk free rate is 5%. *i*. C alculate Sharpe ratio for all the funds and market index and rank them. *ii*. C alculate Treynor's ratio for all the funds and market index rank them. *iii*. C alculate Jenesen's alpha for all the funds and market index rank them.	25	