



ADITYA DEGREE COLLEGES

ANDHRA PRADESH

IV SEMESTER –MID-I EXAMINATIONS

SUB : Portfolio Management

Date:

Max Marks : 60M

Time : 2 Hr

SECTION– A

I. Answer any five questions:

5 X 4 = 20 M

1. Investment Objectives?
2. Investment Vs Speculation?
3. Types of Returns?
4. Non security Investment?
5. Security Investment?
6. Risk and Return?
7. Calculate the Return of portfolio assuming two securities that the portfolio weights are 0.75 for security 1 and 0.25 for security 2. The expected return for security 1 is 18% and expected return for security 2 is 22%.
8. Explain the scope of portfolio Management?

SECTION– B

II. Answer all the questions:

4 X 10 = 40 M

9. a) Explain about the Investment process ?
Or
b) Explain about the portfolio Management process?
10. a) Explain about the Nature of portfolio Management?
Or
b) Given the following variance-covariance matrix for three securities, as well as the percentage of the portfolio that each security comprises, calculate the portfolio's standard deviation.

Weight	Security	A	B	C
0.2	A	52	63	36
0.3	B	63	38	74
0.5	C	36	74	45

11. a) What is Risk and explain the types of Risks?

Or

b) Calculate the expected Return for a single security.

Possible Returns(%)	Probability of occurrence
−25	0.05
−10	0.10
0	0.10
15	0.15
20	0.25
30	0.20
35	0.15

12. a) Explain about the Investors attitude towards risk and return.

Or

b) Calculate the portfolio variance and standard deviation and expected return.

Two securities P and Q generate the following sets of expected returns, standard Deviations and correlation coefficient.

P	Q
$\bar{y} = 15 \%$	20 %
$\sigma = 50 \%$	30 %
$\gamma_{pq} = - 0.60$	

A portfolio is constructed with 40% of funds invested in P and the remaining 60% of funds in Q.