

13. What is Expected return?
14. Zero Coupon Bond (ZCB)
15. What is Yield to Maturity?
16. A bond of face value Rs. 1000 and coupon rate of 12 percent is currently selling for Rs. 800.
What is the current yield?
17. What do you mean by callable bonds?
18. What is Mathematical Indicators?
19. What is P.E. Ratio?
20. What is Divided Capitalization Model?

(8 × 2 = 16 Marks)

Part IIIAnswer any *six* questions. Each question carries 4 marks.

21. Explain Beta measurement principle?
22. If the bond is purchased of Rs. 900 and it is sold for Rs. 750, after receiving Rs. 100 as coupon payment. What is the holding period return?
23. A five year bond with a coupon payment of Rs. 11 and the maturity value of Rs. 80 is currently selling at Rs 110. The yield to maturity is 10%. Advise the investor whether to buy or not this security?
24. Determine Macaulay's duration of a bond that has a face value of Rs. 1,000 with 10 per cent annual coupon rate and 3 years term to maturity. The bond's yield to maturity is 12 per cent.
25. What is the value of a Rs. 1,000 bond that paying 5 per cent annual coupon rate in semi-annual payments over 5 years until it matures if its yield to maturity is 7 per cent?
26. Mr. .X is planning to buy an equity share to hold it for one year and sell it. The expected dividend at the end of first year is Rs. 7 and the expected sale proceeds are Rs.200 after one year. Determine the present value of the share to the investor assuming the discount rate of 15%.
27. An investor owns the shares of a company whose current cash dividend is Rs 3. The constant growth rate in dividend is 16% per year and the required rate of return is 20%. What is the value of the share of this company?
28. An investor expects to get Rs.3.50, Rs.4 and Rs.4.50 as dividend from a share during the next three years and hopes to sell it off at Rs.75 at the end of the third year and if his required rate of return is 25% what is the present value of this share to an investor?

(6 × 4 = 24 Marks)

(2)

Part IVAnswer any *two* questions. Each question carries 15 marks.

29. From the following data find Alpha, Beta and systematic risk of Equity shares of B Ltd?

<u>Period</u>	<u>Return of B Ltd</u>	<u>Return of Market portfolio</u>
1	30	35
2	28	30
3	25	18
4	20	15
5	24	20
6	10	11
7	3	-10

30. Define risk. What are the different types of risk which influences investment?
31. A 4 year debenture with 10% coupon rate, maturity value Rs.1000 is currently selling at Rs.900. What is YTM?

(2 × 15 = 30 Marks)

(3)