Enrollment No: ______________________ **Exam Seat No:**______________________

C.U.SHAH UNIVERSITY

Summer Examination-2016

Subject Name: Financial Services

Subject Code: 5MC02FSE1 **Branch: M.Com(English)**

Semester: 2 **Date: 13/5/2016** **Time: 10:30 To 01:30** **Marks: 70**

Instructions:

(1) Use of Programmable calculator and any other electronic instrument is prohibited.
(2) Instructions written on main answer book are strictly to be obeyed.
(3) Draw neat diagrams and figures (if necessary) at right places.
(4) Assume suitable data if needed.

SECTION – I

Q-1		**Attempt the Following questions**	**(07)**
	a.	What is β?	**(01)**
	b.	How many steps are there in process of portfolio management?	**(01)**
	c.	What is risk-free asset?	**(01)**
	d.	What is risk pooling?	**(01)**
	e.	Explain risk sharing.	**(01)**
	f.	Explain risk in long run.	**(01)**
	g.	What is portfolio expected rate of return.	**(01)**
Q-2		**Attempt all questions**	**(14)**
	(A)	Explain portfolio performance evaluation.	**(14)**
		OR	
Q-2		**Attempt all questions**	**(14)**
	(A)	Explain principles of arbitrage.	**(14)**
Q-3		**Attempt all questions**	**(14)**
	(A)	Explain importance of β.	**(07)**
	(B)	State the differences between systemic risk and un systemic risk.	**(07)**
		OR	
Q-3	**(A)**	State the meaning and importance of portfolio management.	**(07)**
	(B)	Explain two factor and multi factor model.	**(07)**

SECTION – II

Q-4		**Attempt the Following questions**	**(07)**
	a.	What is risk free lending? Discuss.	**(02)**

	b.	What is risk free borrowing? Discuss.	**(02)**
	c.	Explain effects of combining securities.	**(03)**

Q-5		**Attempt all questions**	**(14)**
	(A)	Write a note on arbitrage portfolio.	**(07)**
	(B)	Stat the principles of arbitrage portfolio.	**(07)**

OR

Q-5	**(A)**	Discuss techniques of portfolio construction.	**(07)**
	(B)	Stat the objective of portfolio construction.	**(07)**

Q-6		**Attempt all questions**	**(14)**
		Discuss the process and various issues in portfolio management.	**(14)**

OR

Q-6		**Attempt all Questions**	
	(A)	Explain security market line.	**(07)**
	(B)	Explain capital market line.	**(07)**