THIRD SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2022

(CBCSS-PG)

(Regular/Supplementary/Improvement)

CC19P MCM3 EF01 - INVESTMENT MANAGEMENT

(Commerce)

(2019 Admission onwards)

Time: Three Hours   Maximum: 30 Weightage

SECTION-A

Answer any *four* questions. Each question carries 2 weightage.

1. What is secondary market?

2. What is Foreign Stock Market Indices?

3. If the bond is purchased at Rs. 900 and it is sold for Rs. 750 after receiving Rs. 100 as coupon payment. Find the holding period return.

4. What is bar chart?

5. XYZ stock returned 10%. The risk free rate on T –bill is 6%, market return is 12%. The company's beta is 1.3. What is the expected return?

6. What is optimum portfolio?

7. What is investor awareness?

(4 × 2 = 8 Weightage)

SECTION-B

Answer any *four* questions. Each question carries 3 weightage.

8. What are the steps involved in investment decision process?

9. What is the present value of a bond with face value of Rs. 1,000, coupon rate 8 % and maturity period of 3 years and YTM = 10 %?

10. Find the duration of 6 % coupon bond with a face value of Rs. 1,000 making annual interest payments if it has 5 years until maturity. The bond is redeemable at 5 % premium at maturity. The market interest rate is 8 %.

11. Explain the basic framework of Fundamental Analysis?

12. A portfolio is constituted with 4 securities having these characteristics. Calculate portfolio return?

Security	Return %	Proportion of investment
A	17.5	0.15
B	24.8	0.25
C	15.7	0.45

13. Calculate the Co-variance and Coefficient of correlation from the following data. Stocks are X and Y and their return and expected returns are given below.

Stocks	Return	Expected Return
Stock X	14	18
Stock Y	26	18
Stock X	22	18
Stock Y	10	18

14. Examine various portfolio revision strategies

(4 × 3 = 12 Weightage)

SECTION-C

Answer any *two* questions. Each question carries 5 weightage.

15. Define risk. What are the different types of risk which influences investment?

16. The market value of bond is Rs. 100, carrying a coupon rate of 14 % and maturing after 10 years is Rs. 80. What is the YTM on this bond?

17. Discuss the various types of charts used by chartist to predict the prices and volumes for their analysis of individual stocks.

18. Return from equity shares of two companies for last 5 years.

Years	L ltd Return (%)	S ltd Return (%)
2001	10	20
2002	20	10
2003	30	-5
2004	-10	15
2005	10	20

a) An investor invests 50% of his investible funds in L ltd and balance in S Ltd. Find expected return.

b) Find standard deviation of each stock.

c) Find covariance between L ltd and S Ltd.

d) Find the correlation between L ltd and S Ltd.

(2 × 5 = 10 Weightage)

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