D 111066 **(Pages : 4)** **Name.....**

Reg. No.....

THIRD SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2024

(CBCSS)

M.Com.

MCM 3E (F) 01—INVESTMENT MANAGEMENT

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Answer should be written in English only.

Section A

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

1. What is Unsystematic Risk ?
2. What is meant by ethical investing ?
3. What are Bond immunization strategies ?
4. What is Fama's Decomposition Index ?
5. Distinguish between Individual risk and Interactive risks.
6. What is Capital Market Line (CML) ?
7. Write the nature of Systematic risk.

(4 × 2 = 8 weightage)

Section B

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

8. The market P/E is 10 and earnings (dividend) growth rate is 9 %. If individual stocks were to grow at 12 %, normal earnings at the end of financial year were 4, projected earnings volatility was 10 % and projected dividend pay out ratio was 15 %, determine the value of the stock.

Turn over

9. Mr. RKV's portfolio consists of six securities. The individual returns of each of the security in the portfolio are given below :

Security	Proportion of Investment in the Portfolio	Return
Wipro	10 %	18 %
Latham	25 %	12 %
SBI	8 %	22 %
ITC	30 %	15 %
RNL	12 %	6 %
DLF	15 %	8 %

Calculate the weighted average of return of the securities consisting the portfolio.

10. Dabba Ltd. paid a dividend of 2.00. per share for the year ending March 31, 1991. A constant growth of 10 % income has been forecast for an indefinite future period. Investors required rate of return has been estimated to 15 %. You want to buy the share at a market price quoted on July 1,1991 in the stock market at 60.00. What would be your decision ?

11. Assume that Zee Ltd paid a dividend of 1.80 per share over the past year and the forecast then is that would grow at 5 % per annum forever. The required rate of return is 11 % and the current market price is 40 per share. Using P/E approach, determine if the Zee share is fairly priced. E0 may be taken as 2.70.

12. Wipro provides you the following informations. Calculate the expected rate of return of a portfolio : Expected market return 15 %. Risk-free rate of return 9 %. Standard deviation of an asset 2.4 %. Market Standard deviation 2.0 %. Correlation co-efficient of portfolio with market 0.9.

13. Which are the different equity valuation models ?

14. Explain single index model.

(4 × 3 = 12 weightage)

Section C

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

15. The rates of return on the security of Company Wipro and market portfolio for 10 periods are given below :

Period	Return of Security Wipro (%) (x)	Return on market portfolio (%) (y)
1	20	22
2	22	20
3	25	18
4	21	16
5	18	20
6	– 5	8
7	17	– 6
8	19	5
9	– 7	6
10	20	11

1 What is the beta of Security Wipro ?

2 What is the characteristic line for Security Wipro ?

16. Mr Fool Vijay provides you the following information. You are required to calculate the optimum portfolio in choosing among the following securities and assuming the risk-free return is 8 % and variance in the market index = 12 %.

Security No. i	**Expected Return** $\widehat{R_i}$	**Beta** β_{im}	**Security's unsystematic risk** σ^2_{ei}
SBI	20	1.0	40
RBL	18	2.5	35
ITC	12	1.5	30

Turn over

Security No. i	Expected Return $\widehat{R_i}$	Beta β_{im}	Security's unsystematic risk σ^2_{ei}
IDBI	16	1.0	35
ICICI	14	0.8	25
MRPL	10	1.2	15
CNBC	17	1.6	30
NDTV	15	2.0	35

17. Explain Random Walk Theory.

18. Explain the nature and reasons for portfolio revision. What are its strategies ?

(2 × 5 = 10 weightage)

D 51189 (**Pages : 3**) **Name**.....

Reg. No.....

THIRD SEMESTER M.Com. (C.B.C.S.S.) (REGULAR/SUPPLEMENTARY) DEGREE EXAMINATION, NOVEMBER 2023

M.Com.

MCM 3E (F) 01—INVESTMENT MANAGEMENT

(2019 Admission onwards)

Time : Three Hours Maximum Weightage : 30

Part A

Answer any **four** *questions.*

Each question carries 2 *weightage.*

1. What is diversifiable risk ?
2. Write short note on Hedging strategies.
3. What is RSI in technical analysis ?
4. What are the different types of Portfolio ?
5. Expand and briefly explain SML.
6. What is mental accounting ?
7. What do you mean by Formula Plans ?

(4 × 2 = 8 weightage)

Part B

Answer any **four** *questions.*

Each question 3 *weightage.*

8. "The Elliot Wave Theory is based on the principle that action is followed by reaction." Elucidate.
9. Describe briefly the important investment avenues available to savers in India.
10. How many parameters must be estimated to analyse the risk-return profile of a 50-stock portfolio using (a) the original Markowitz model, and (b) the Sharpe single index model ?
11. A company paid dividends amounting to Rs. 0.75 per share during the last year. The company is expected to pay Rs. 2 per share during the next year. Investors forecast a dividend of Rs. 3 per share in the year after that. Thereafter, it is expected that dividends will grow at 10 percent per year into an indefinite future. Would you buy/sell the share if the current price of the share is Rs. 54 ? Investor's required rate of return is 15 percent.

Turn over

12. The return and the probability distribution of investment in two companies A and B is given below. Calculate expected return and standard deviation of both of these companies and comment on it.

Company A	
Return	Probability
6	0.10
7	0.25
8	0.30
9	0.25
10	0.10

Company B	
Return	Probability
4	0.10
6	0.20
8	0.40
10	0.20
12	0.10

13. An investor owns the share of a company whose current cash dividend is Rs. 3. The constant growth rate in dividend is 16% and the required rate of return is 20%. What is the value of the share of this company ?

14. The face value of a bond is Rs. 100 with a coupon rate of 9%. The current market price of the bond is Rs. 90. What is the current year ?

(4 × 3 = 12 weightage)

Part C

Answer any **two** *questions.*

Each question carries 5 *weightage.*

15. Details of two mutual funds and a market index are given below :

Fund	Return per cent	Standard deviation (per cent)	Beta
Silver	8	13	0.74
Gold	15	33	1.30
Market Index	10	22	1.0

Assuming the risk-free return as 5 percent, calculate the differential return for the two funds and also calculate net selectivity measure for gold fund using Fama's framework of performance.

16. Ram Kumar is considering the purchase of a bond currently selling for Rs. 8,785 (Face value Rs. 10,000). The bond has four years to maturity and the coupon rate of interest is 8%. The next interest payment is due one year from today. The approximate discount factor for investment of similar risk is 10 percent.

    (i) Calculate the intrinsic value of the bond. Based on this calculation, should Ram Kumar purchase the bond ?

    (ii) Calculate YTM of the bond.

17. "Portfolio evaluation provides a feedback mechanism for improving the entire portfolio management process." Explain.

18. "Bond prices vary inversely with changes in market interest rates." Explain with examples.

(2 × 5 = 10 weightage)

D 31063 **(Pages : 3)** **Name.....**

Reg. No.....

THIRD SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2022

[November 2021 session for SDE/Private Students]

(CBCSS)

Master of Commerce

MCM 3E F (01)—INVESTMENT MANAGEMENT

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Part A

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

1. What are the different types of portfolio management ?
2. How the value of the equity is calculated under Gordon model ?
3. Briefly describe Dow-Jones theory regarding the behavior of stock market prices.
4. Explain Markowitz Model of risk-return Optimization.
5. What are the features of CAPM ?
6. Differentiate the Security Market Line and Capital Market Line.
7. What is Arbitrage Pricing Model ?

(4 × 2 = 8 weightage)

Part B

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

8. What are the factors affecting investment decisions in portfolio management while selecting the securities ?
9. Explain the different types of Risks.

Turn over

10. A Rs. 100 par value bond bears a coupon rate of 14 percent and matures after five years. Interest is payable semi-annually. Compute the value of the bond if the required rate of return is 16 per cent.

11. Following are the price and other details of three stocks for the year 2011. Calculate the total return as well as the return relative for the three stocks :

Stock	Beginning price	Dividend Paid	Ending Price
A	30	3.40	34
B	72	4.70	69
C	140	4.80	146

12. A 10 per cent coupon bond has a maturity of 12 years. It pays interest semi-annually. Its yield to maturity is four per cent per half-year period. What is its duration ?

13. Determine the price of 1,000 zero coupon bond with yield to maturity (YTM) of 18 per cent and 10 years to maturity. What is YTM of this bond if its price is 220 ?

14. The following table provides information regarding portfolio return and risk :

Portfolio	E (R)	σ
1	10	4
2	12	7
3	13	5
4	16	12
5	20	14

a) The treasury bill rate is 5 %. Which portfolio is the best ?

b) If σ is 12%, what would be the expected return ?

(4 × 3 = 12 weightage)

Part C

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

15. "When someone refers to efficient capital markets, they mean that security or reflect all available information." Discuss.

16. The returns of two assets under four possible states of nature are given below :

State of nature	Probability	Return on asset 1	Return on asset 2
1	.1	5 %	0 %
2	.2	10 %	8 %
3	.3	15 %	18 %
4	.4	20 %	26 %

a) What is the standard deviation of the return on asset 1 and asset 2 ?

b) What is the covariance between the returns on assets 1 and asset 2 ?

c) What is the co-efficient of correlation between the returns on assets 1 and 2 ?

17. The following details are given for X and Y companies' stocks and the Bombay Sensex for a period of one year. Calculate the systematic and unsystematic risk for the companies' stocks. If an equal amount of money is allocated for the stocks what would be the portfolio risk ?

	X stock	Y stock	Sensex
Average Return	.15	0.25	0.06
Variance	6.30	5.86	2.25
B	0.71	0.27	—
Correlation Co-efficient	—	0.424	—

18. Briefly explain the different parameters of security analysis.

(2 × 5 = 10 weightage)

D 11580 **(Pages : 3)** **Name.....**

Reg. No.....

THIRD SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2021

[November 2020 for SDE/Private Students]

(CBCSS)

M.Com.

MCM 3E (F) 01—INVESTMENT MANAGEMENT

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

General Instructions (Not applicable to SDE/Private Students)

1. *In cases where choices are provided, students can attend* **all** *questions in each section.*
2. *The minimum number of questions to be attended from the Section / Part shall remain the same.*
3. *The instruction if any, to attend a minimum number of questions from each sub-section / sub-part / sub-division may be ignored.*
4. *There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

Part A

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

1. What are the basic investment objectives ?
2. What are the assumptions of the Markowitz Model ?
3. Explain the two basic approaches of security analysis.
4. Briefly describe :
   (a) Support Levels ; and
   (b) Resistance Levels.
5. A 10 year annual annuity has a yield of nine percent. What is its duration ?
6. What are the benefits of Dow-Jones theory ?
7. What is Capital Asset Pricing Model (CAPM) ?

(4 × 2 = 8 weightage)

Turn over

Part B

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

8. Explain the objectives of portfolio management.

9. What are the risks involved in investment in Government Securities ?

10. A portfolio consists of 3 securities, A, B and C. The proportions of these securities are 0.3, 0.5 and 0.2 respectively. The standard deviations of returns on these securities (in percentage terms) are : 0 = 6, 02 = 9, and on = 10. The correlation coefficients among security returns are P12 = 0.4, P13 = 0.6, P23 = 0.7. What is the standard deviation of portfolio return ?

11. The following information is available :

	Stock A	Stock B
Expected return	16 %	12 %
SD	15 %	8 %

Co-efficient of correlation is .60.

(a) What is the covariance between Stocks A and B ?

(b) What is the expected return and risk of a portfolio in which A and B have weights of 0.6 and 0.4.

12. You are thinking of acquiring some shares of ABC Ltd. The rates of return expectations are as follows :

Possible rate of return	Probability
0.05	.20
0.10	.40
0.08	.10
0.11	.30

13. A Rs. 100 par value bond bearing a coupon rate of 12 per cent will mature after five years. What is the value of the bond, if the discount rate is 15 per cent ?

14. A bond of Rs. 1,000 face value, bearing a coupon rate of 12 per cent, will mature after seven years. What is the value of the bond if the discount rates are 14 per cent and 12 per cent ?

(4 × 3 = 12 weightage)

Part C

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

15. Describe briefly the important investment avenues available to savers in India.

16. Stocks P and Q have the following historical returns :

Year	:	2009	2010	2011	2012	2013
Stock P's Return (KP)	:	– 12.24	23.68	34.44	5.82	28.30
Stock Q's Return (KQ)	:	– 7.00	25.55	44.09	2.20	20.16

You are required to calculate the average rate of return for each stock during the period 2009 to 2013. Assume that someone held a Portfolio consisting 50 % of Stock P and 50 % of Stock Q.

What would have been the realized rate of return on the Portfolio in each year from 2009 to 2013 ? What would been the average return on the Portfolio during the period ? (You may assume that year ended on 31st March).

17. The stock of Box Limited performs well relative to other stocks during recessionary periods. The stock of Cox limited, on the other hand, does well during growth periods. Both the stocks are currently selling for Rs. 100 per share. You assess the rupee return (dividend plus price) of these stocks for the next year as follows :

	Economic Condition			
	High Growth	Low growth	Stagnation	Recession
Probability	0.3	0.4	0.2	0.1
Return on Box's Stock	100	110	120	140
Return on Cox's Stock	150	130	90	60

Calculate the expected return and standard deviation of investing :

(a) Rs. 1,000 in the equity stock of Box limited.

(b) Rs. 1,000 in the equity stock of Cox limited.

(c) Rs. 500 each in the equity stock of Box limited Cox limited.

18. 'Chart patterns are helpful in predicting the stock price movement'—Comment.

(2 × 5 = 10 weightage)

D 90944 (Pages : 4) Name.....

Reg. No.....

THIRD SEMESTER M.A./M.Sc./M.Com. DEGREE (REGULAR) EXAMINATION, NOVEMBER 2020

(CBCSS)

M.Com.

MCM 3E (F) 01—INVESTMENT MANAGEMENT

(2019 Admissions)

Time : Three Hours Maximum : 30 Weightage

Section A

Answer at least **three** *questions.*
Each question carries 2 *weightage.*
All questions can be attended.
Overall Ceiling 6.

1. State the objectives of investment activity.
2. What are the different phases of portfolio management ?
3. State the principles of the Bond pricing theorem.
4. Explain the basic principles and hypotheses of Dow Theory.
5. Distinguish between active revision strategy and passive revision strategy.
6. List the assumptions of Capital Asset Pricing Model.
7. Describe the major constraints of portfolio revision.

(3 × 2 = 6 weightage)

Section B

Answer at least **three** *questions.*
Each question carries 4 *weightage.*
All questions can be attended.
Overall Ceiling 12.

8. A chemical company paid a dividend of 2.75 during the current year. Forecasts suggest that earnings and dividends of the company are likely to grow at the rate of 8 per cent over the next five years and at the rate of 5 per cent thereafter. Investors have traditionally required a rate of return of 20 per cent on these shares. What is the present value of the stock ?

Turn over

9. A bond pays interest annually and sells for Rs.835. It has six years left to maturity and a par value of 1000. What is its coupon rate if it's promised YTM is 12 per cent ?

   [Present value annuity factor (6 years, 12%) is 4.1114 and present value factor (6 years, 12%) is 0.5066.]

10. Write short notes on :

   (a) Japanese candlestick charts.

   (b) Support and resistance patterns.

   (c) Flags and pennants.

   (d) Exponential moving average.

11. What are the steps involved is fundamental analysis ?

12. A security pays a dividend of Rs. 3.85 and sells currently at 83. The security is expected to sell at Rs. 90 at the end of the year. The security has a beta of 1.15. The risk free rate is 5 per cent and the expected return on market index is 12 per cent. Assess whether the security is correctly priced

13. Consider the following information for three mutual funds A, B and C and the market :

	Mean Return (%)	SD (%)	Beta
A	12	18	1.1
B	10	15	0.9
C	13	20	1.2
Market Index	11	17	1.0

The market risk free rate was 6 per cent. Calculate the Treynor measure, Sharp measure and Jensen measures for the three mutual funds and the market index.

14. The estimates of the standard deviations and correlation co-efficients for three stocks are given below :

Stock	SD	Correlation with Stock		
		A	B	C
A	32	1.00	– 0.80	0.40
B	26	– 0.80	1.00	0.65
C	18	0.40	0.65	1.00

If a portfolio is constructed with 15 per cent of stock A, 50 per cent of Stock B and 35 per cent of Stock C, what is the portfolio's standard deviation ?

(3 × 4 = 12 weightage)

Section C

Answer at least **two** *questions.*
Each question carries 6 *weightage.*
All questions can be attended.
Overall Ceiling 12.

15. Monthly return data (in per cent) for ONGC stock and the MSE index for a 12 month period are presented below :

Month	ONGC	NSE Index
1	– 0.75	– 035
2	5.45	– 0.49
3	– 3.05	– 1.03
4	3.41	1.64
5	9.13	6.67
6	2.36	1.13
7	– 0.42	0.72
8	5.51	0.84
9	6.80	4.05
10	2.60	1.21
11	– 3.81	0.29
12	– 1.91	– 1.96

Calculate alpha and beta for the ONGC stock. Suppose NSE index is expected to move up by 15 per cent next month. How much return would you expect from ONGC ?

16. Consider a portfolio of four securities with the following characteristics :

Security	Weight	αi	βi	Residual Variance
A	0.2	2.0	1.2	320
B	0.3	1.7	0.8	450
C	0.1	– 0.8	1.6	270
D	0.4	1.2	1.3	180

Calculate the return and risk of the portfolio under single index model, if the return on market index is 16.40 per cent and the standard deviation of return on market index is 14 per cent.

17. Describe briefly the important investment avenues available to savers in India.

18. "When someone refers to efficient capital markets, they mean that security or reflect all available information." Discuss.

(2 × 6 = 12 weightage)