D 150219 **(Pages : 3)** **Name.....**

Reg. No.....

THIRD SEMESTER M.Com. (CBCSS) [REGULAR/SUPPLEMENTARY] DEGREE EXAMINATION, NOVEMBER 2026

Master of Commerce

MCM3E(F)01—INVESTMENT MANAGEMENT

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Answer should be written in **English** *only.*

Part A

Answer any **four** *questions.*

Each question carries 2 *weightage.*

1. Define Investment and distinguish it from gambling.
2. What is a mutual fund ?
3. What is Systematic Risk ?
4. What is the meaning of Portfolio Revision ?
5. Define Dow Theory.
6. Explain company analysis.
7. Define Capital Market Line.(CML).

(4 × 2 = 8 weightage)

Part B

Answer any **four** *questions*

Each question carries 3 *weightage.*

8. Explain the Economy-Industry-Company (EIC) framework used in fundamental analysis.
9. A Rs. 1,000 par value bond carries a coupon rate of 10 percent payable annually. The bond matures in 5 years. If the current market price is Rs. 920, calculate the approximate Yield to Maturity (YTM).

Turn over

10. Explain different chart patterns used in technical analysis.

11. What is the Price-Earnings Ratio (P/E) model of equity valuation ? Explain its advantages and limitations with an example.

12. Mr. RKV invested in equity shares of Wipro Ltd. Its anticipated returns and associated probabilities are given below :

Return (%)	:	– 15	– 10	5	10	15	20	30
Probability	:	0.05	0.1	0.15	0.25	0.3	0.1	0.05

You are required to calculate the expected rate of return and risk in terms of standard deviation.

13. Samrudhi Ltd. paid Rs 2.50 as dividend per share on its equity shares for the year ended 31st March, 2005. Dividends are expected to grow at 10 % p.a. for an indefinite future. The current market price of the share is Rs. 20.

(A) What is the expected rate of return ?

(B) If the required rate of return is 12 %, what would be the value of the stock ?

(C) Is it worth investing in the shares ?

14.

Investment in Equity Shares	*Initial Price*	*Dividend / Interest*	*Market Price (end of the year)*	*Beta*
Power Ltd.	25	2	50	0.5
Coal Ltd.	35	2	60	0.6
Government Bonds	1000	140	1005	0.66
Steel Ltd.	45	2	135	0.4

Risk-free return may be taken at 14 %.

You are required to calculate :

(a) Calculate expected return of each security.

(b) Calculate average portfolio return.

(4 × 3 = 12 weightage)

Part C

Answer any **two** *questions.*

Each question carries 5 *weightage.*

15. Explain in detail the types of risk.

16. You are asked to analyze the two portfolios having the following characteristics :

Portfolio	*Average Return*	*Beta*	*Standard Deviation*
A	18 %	2	3
B	12 %	1.5	2

The risk-free return is 9 %. The return on the market portfolio is 15 %. The standard deviation of the market is 6 %.

(i) Treynor's index.

(ii) Sharpe's index for market portfolio.

(iii) Evaluate the portfolio performance.

17. Discuss the Markowitz model of portfolio selection. What are its fundamental assumptions regarding investor behavior and risk aversion ?

18. Discuss the Capital Asset Pricing Model (CAPM) in detail. How is the Security Market Line (SML) derived ? Illustrate with a numerical example where Beta = 1.4, Risk-free rate = 6 %, and Market return = 14 %.

(2 × 5 = 10 weightage)