QP Code: P25C031

Reg. No : .....

Name : .....

ST MARY'S COLLEGE (AUTONOMOUS), THRISSUR-20

III SEMESTER (CBCSS - PG) DEGREE EXAMINATIONS, OCTOBER 2025

M. Com.

MCM3EF01 : INVESTMENT MANAGEMENT

2024 Admission Onwards

Time:3 Hours **Maximum Weightage:30**

Part A

*Short answer type questions. Answer **any four**. Weightage **2** for each.*

(4x2 = 8 Weightage)

1. Define Investment. State its objectives.
2. What is mental accounting?
3. What are indicators?
4. What are the assumptions of Efficient Market Hypothesis?
5. What are the statistical methods used for calculation of beta?
6. Briefly discuss the tools used for fundemental analysis.
7. Give the CAPM formula to find expected return.

Part B

*Short essay-type questions. Answer **any four**. Weightage **3** for each.*

(4x3 = 12 Weightage)

8. State the advantages and limitations of technical analysis.
9. Mr. Arun recently purchased a bond with Rs. 1000 face value at 10% coupon rate and 4 years to maturity. The bond makes annual interest payments. Mr. Arun paid Rs. 1032.40 for the bond. What is the bond yield to maturity ?
10. Vivek holds stocks of two companies A and B with the following details

	A	B
Security return	10	5
Security variance	0.0064	0.0016
Investment proportion	0.5	0.5

Correlation 0.5

What is the portfolio return and portfolio risk?

11. Calculate the duration of bond A and B with 7 percent and 8 percent coupon having maturity period of 4 years. The face value is Rs.1000 for both bonds are currently yielding 6 percent.

Turn Over

12. Mr. Roy invests Rs.10,00,000 into Mutual Fund A on December 31. On August 15 of the following year, their portfolio is valued at Rs1,162,484. At that point (August 15), he withdraw Rs.1,00,000 from Mutual Fund A, bringing the total value down to Rs.1,062,484. By the end of the year, the portfolio has decreased in value to Rs.1,003440. Calculate time weighted return.

13. Examine various price movements identified as per Dow theory.

14. The return and the probability distribution of investment in two companies X and Y is given below.

Company X		**Company Y**	
Return	Probability	Return	Probability
6	0.10	4	0.10
7	0.25	6	020
8	0.30	8	0.40
9	0.25	10	0.20
10	0.10	12	0.10

Calculate expected return and standard deviation of both of these companies and comment on it.

Part C

*Essay-type questions. Answer **any two**. Weightage **5** for each.*
(2x5 = 10 Weightage)

15. Describe the portfolio management process.

16. Analyst's expected return on two stocks for two particular market return is given below;

Market Return	Aggressive Stock	Defensive Stock
5%	2%	3.5%
20%	32%	14%

a. What are the betas of two stocks?
b. What is expected rate of return on each stock if the market return is equally likely to be 5% or 20%?
c. If the T-bill rate is 8% and market return is equally likely to be 5% or 20%, draw the SML for this economy.
d. Plot the two securities on SML graph. What are the alpha of each?

17. 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 ₹3 per share in the year after that. Then, it is expected that dividends will grow at 10percent per year into n indefinite future. Would you buy or sell the share if the current price of the share is Rs.54. Investors required rate of return is 15 percent.

18. Calculate the value of the bond in given two situation

    a. The face value of bond is Rs.1000 interest at 12% over 5 years until its maturity. The required rate of yield is 14%. If interest is payable annually and semi-annually.
    b. The face value of bond is Rs.1000, bearing a coupon rate of 12% will mature after 7 years, if the discount rates are 14% and 12%.

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