MCOSC-4.2A/D

Sl. No.

IV Semester M.Com. Degree Examination, May/June - 2026
COMMERCE
Investment Management
(CBCS SLM Semester Scheme)

Time : 3 Hours **Maximum Marks : 80**

SECTION - A

Answer any Four questions. Each question carries 5 marks. **(4×5=20)**

1. What are the objectives of Industry Analysis?
2. What is the role of SEBI in Indian stock market?
3. Mention the assumptions underlying the standard capital asset pricing model.
4. Explain the single index model proposed by William Sharpe.
5. Explain the nature of a risk-return indifference curve.
6. Distinguish between Gambling, Investment and Speculation.

SECTION - B

Answer any Three questions. Each question carries 10 marks. **(3×10=30)**

7. Explain the CAPM model, its assumptions and formulations.
8. Explain the Dow Theory.
9. The probability distribution of the rate of return on Alpha stock is given below :

State of the economy	Probability of occurrence	Rate of return
Boom	0.40	25%
Normal	0.30	12%
Recession	0.30	-6%

What is the standard deviation and co-variance of return?

10. A Rs. 100 par value bond bears a coupon rate of 12 percent and matures after 6 years. Interest is payable semi-annually. Compute the value of the bond if the required rate of return is 16 percent, compounded semi-annually.
11. Explain the classifications of financial markets.

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SECTION - C

Answer any Two questions. Each question carries 15 marks. (2×15=30)

12. Describe briefly the wide array of investment avenues.

13. Describe the procedure developed by Markowitz for choosing the optimal portfolio of risky assets.

14. The following table gives an analyst's expected return on two stocks for particular market returns :

Market return	Aggressive stock	Defensive stock
7%	-8%	10%
25%	40%	18%

a) What are the betas of the two stocks?

b) What is the expected return on each stock if the market return is equally likely to be 7% and 25%?

c) If the risk free rate is 7%, what is the Security Market Line (SML)?

d) What are the alphas of the two stocks?

15. 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	0.10	6%	0%
2	0.30	12%	10%
3	0.40	16%	19%
4	0.20	22%	24%

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

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

c) What is the coefficient of correlation between the returns on assets 1 and 2?

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