D3ACM2404 **(2 Pages)** **Name.....**
Reg. No.....

THIRD SEMESTER M.Com. DEGREE EXAMINATION, NOVEMBER 2025
(Regular/Improvement/Supplementary)

COMMERCE
FMCM3E01 - INVESTMENT MANAGEMENT

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

Part A: Answer any *four* questions. Each carries *two* weightage.

Write short notes on:

1. Hedging.
2. International bonds.
3. Behavioural finance.
4. Inverted head and shoulders pattern.
5. Efficient portfolio.
6. Calendar effect in stock markets.
7. Active investment strategy.

(4 × 2 = 8 weightage)

Part B: Answer any *four* questions. Each carries *three* weightage.

8. What is Yield to Maturity? Why is it important?
9. Briefly explain the three components of EIC analysis.
10. State the concept of Efficient Market Hypothesis.
11. Distinguish between Capital Market Line and Security Market Line.
12. Actual return 15%, Risk-free rate 6%, Market return 12%, Beta of portfolio 1.1. Calculate Jensen's Alpha.
13. A person owns a ₹1,000 face value bond with five years to maturity. The bond makes annual interest payments of ₹ 80. The bond is currently priced at ₹ 960. Given that the market rate is 10%, should the investor hold or sell the bond?
14. A portfolio is constituted with four securities having the following characteristics:

Security	Return (%)	Proportion of investment
P	17.5	0.15
Q	24.8	0.25
R	15.7	0.45
S	21.3	0.15

Calculate the expected return of the portfolio.

(4 × 3 = 12 weightage)

(P.T.O.)

Part C: Answer any *two* questions. Each carries *five* weightage.

15. What are the factors considered in portfolio selection?
16. What is investment accounting and how is it applied in the context of portfolio management?
17. An investor has analysed a stock for one year holding period. There is a fifty-fifty chance that the stock, currently selling at ₹60 will sell for ₹55 or ₹70 by the year end. The investor can borrow from his bank at 10% per annum.
    a. What are the investor's expected holding period yield and risk if he buys 100 shares and does not borrow?
    b. What would be his expected yield and risk if he buys 200 shares paying 60% of the cost with borrowed funds?
18. The following data are available:

Security	Estimated return (%)	Beta	Standard deviation (%)
A	30	2.0	50
B	25	1.5	40
C	20	1.0	30
D	11.5	0.8	25
E	10	0.5	20
Market index	15	1.0	18
Government security	7	0	0

    a. In terms of the security market line, which of the securities listed above are underpriced?
    b. Assuming that a portfolio constructed using equal proportions of the five securities listed above, calculate the expected return and risk of such a portfolio.

(2 × 5 = 10 weightage)