

E-0422

Sub. Code

1MCO2C2

M.Com. DEGREE EXAMINATION, APRIL 2019

Second Semester

Commerce

INVESTMENT MANAGEMENT

(CBCS – 2011 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. What is fixed income?
2. What is Gambling?
3. What is systematic risk?
4. What is variance?
5. What is Debt instrument?
6. What is company analysis?
7. What is portfolio risk?
8. What is efficient portfolio?
9. What is pay-off?
10. What is swap contract?

Part B

(5 × 5 = 25)

Answer **all** questions, choosing either (a) or (b).

11. (a) List out the uses of swap contracts.

Or

- (b) Differentiate call options and put options.

12. (a) Explain the features of derivative investments.

Or

- (b) Explain the advantages of investing in Gold.

13. (a) Explain in detail lead and lag indicators.

Or

- (b) Explain in detail Cootner's hypothesis.

14. (a) Find out the expected return and variance from the given data :

Return in percentage :	-20	-10	0	10	20	25	30
Probability of occurrence :	.0.5	.10	.10	.15	.25	.20	.15

Or

- (b) What do you mean by risk? Explain different types of risk.

15. (a) What do you mean by efficient port folio? Explain.

Or

- (b) Bond prices vary inversely with changes in market interest rate? Explain with examples.

Part C $(3 \times 10 = 30)$ Answer any **three** questions.

16. Explain efficient market theory in detail.
17. Explain in detail the dow theory. How is it used to determine the direction of the stock market?
18. Consider a portfolio of six securities with the following characteristics.

Security	Weighting	Alpha	Beta	Residual value (V_0)
1	0.10	0.28	0.91	23
2	0.15	0.76	0.87	60
3	0.20	2.52	1.71	50
4	0.10	0.16	0.97	80
5	0.25	1.55	1.07	60
6	0.20	0.47	0.80	80

Assume the return on market index as 14.5% and S.D of return on market index is 16%. Calculate portfolio return and risk.

19. Explain the types and uses of future contract.
20. From the available two securities, find the proportion of investment in each security that will increase the return and minimize the risk of the investor. The correlation coefficient is 0.25.

Security	Risk %	Return %
Ravi and Co.	10%	18%
Rajasekar and Co.	5%	28%