B.Com. VI Semester Degree Examination, Sept./Oct. - 2024

COMMERCE

DSE - F2 : Investment Management

(NEP)

Time : 2 Hours   Maximum Marks : 60

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Note :   *Answer **all** sections.*

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SECTION - A

Answer the following sub-questions. Each sub-question carries **one** mark.   **10x1=10**

1.   (a)   Define investment.

    (b)   What is speculation ?

    (c)   What is industry analysis ?

    (d)   Give the meaning of valuation of equity shares.

    (e)   Mention the types of risk.

    (f)   What do you mean by Expected return of a portfolio ?

    (g)   Enlist any two charts for technical analysis.

    (h)   What is relative strength index ?

    (i)   What is portfolio management ?

    (j)   Give the meaning of portfolio evaluation.

SECTION - B

Answer **any four** of the following questions, each question carries **five** marks.

4x5=20

2.   Explain the objectives of investment.

3.   An investor desires to purchase the equity share of a company from the secondary market. The investor prefers to hold share for one year and dispose off the share after one year. The investor expects to get a dividend of ₹ 5.00 per share next year and he is hopeful of selling the share in the secondary market at a price of ₹ 70 after one year. He expects a return of 20% on his investment, considering the level of risk associated with it. Calculate the present value of the share to the investor.

4. Calculate the expected return from the following information.

State of Economy	Probable Return	Probability
Good	18	0.4
Normal	15	0.3
Bad	− 5	0.3

5. Write a short note on Dow theory.

6. Compare the following two portfolios on the basis of Sharpe Ratio and Treynor Ratio.

Portfolio	Return from the portfolio	Standard deviation (%)	Beta (β)
A	10%	13	0.75
B	20%	26	1.45
Market Portfolio	14%	18	1.00

Interest free rate of return = 8%

7. Explain the different types of unsystematic risk.

SECTION - C

Answer **any three** of the following questions, each question carries **ten** marks.

3x10=30

8. Explain the investment process.

9. Give a brief account of economy analysis.

10. Monthly return data (in percent) are presented below for ITC stock and NSE Index for a 12 month period.

Month	ITC	NSE Index
1	9.43	7.41
2	0.00	− 5.33
3	− 4.31	− 7.35
4	− 18.92	− 14.64
5	− 6.67	1.58
6	26.57	15.19
7	20.00	5.11
8	2.93	0.76
9	5.25	− 0.97
10	21.45	10.44
11	23.13	17.47
12	32.83	20.15

Calculate beta of ITC stock.

11. The closing price of a script for a continuous period of 20 days is given below. Calculate the 5 day moving average for the given data.

Day	1	2	3	4	5	6	7	8	9	10
Closing Price (₹)	90	95	94	96	100	98	96	95	97	100

Day	11	12	13	14	15	16	17	18	19	20
Closing Price (₹)	102	100	99	98	96	94	90	95	98	100

12. Define portfolio management. Explain the importance of portfolio management.

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