

NOVEMBER/DECEMBER 2019

MCM42 — INVESTMENT MANAGEMENT

Time : Three hours

Maximum : 75 marks

SECTION A — (5 × 6 = 30 marks)

Answer ALL questions.

1. (a) What do you mean by 'financial assets'? How are these classified?

Or

- (b) Distinguish between investment and speculation.

- (a) "Financial risk is a function of financial leverage". Explain.

Or

- (b) "Higher return, higher will be the risk". In this context, discuss the various risks associated with an asset.

3. (a) Briefly describe the techniques of short-term economic forecasting.

Or

- (b) Explain the merits and demerits of technical analysis as a tool of security analysis.



4. (a) Explain in detail the methods of valuation of an equity share.

Or

- (b) What is meant by the duration of the bond? Explain its significance.

5. (a) What is the implication of semi-strong form market efficiency for fundamental analysis?

Or

- (b) List the assumptions of Capital Asset Pricing Model.

SECTION B — (3 × 15 = 45 marks)

Answer any THREE questions.

6. Describe briefly the important investment avenues available to savers in India.
7. Explain the mean-variance approach to estimation of return and risk of a security.
8. Describe the key economic variables that an investor must monitor as part of his fundamental analysis.

9. How will you determine the value of a bond with a maturity period?

10. "An investor can not consistently earn excess returns by understanding fundamental analysis or technical analysis" – Discuss.

