

(Please write your Exam Roll No.)

Exam Roll No. ....

## END TERM EXAMINATION

FIFTH SEMESTER [B.COM (HONS.)] DECEMBER 2017

**Paper Code: BCOM-311**

**Subject: Investment Management**

**Time: 3 Hours**

**Maximum Marks: 75**

**Note: Attempt any five questions. All questions carry equal marks.**

- Q1 (a) "An investor's motives to invest are inherently different from those of a speculator yet both are key to efficient functioning of the market." Explain.  
(b) Fixed Income Securities and Equities are two totally different classes of investment avenues. Discuss.
- Q2 "Risk is defined as the unexpected variability or volatility or returns on an investment." What are the main types of risks that you need to understand and manage as an investment adviser?
- Q3 What is a stock exchange? What are its functions? How securities are traded at the stock exchange? Explain.
- Q4 Discuss the measures taken by SEBI to regulate the operations at stock exchanges. Explain the guidelines of SEBI pertaining to listing of securities.
- Q5 Super Cement Industries has just paid a dividend for Rs. 4 per share. The dividend is expected to grow at a constant rate of 7% indefinitely. The beta of the stock is one. The risk free rate is 6 percent and market risk premium is 9 per cent. Calculate the intrinsic value of the stock. What will be the intrinsic value of the stock if its beta is 1.3, i.e. the stock is riskier.
- Q6 (a) What is yield to maturity? How is it computed? Illustrate with the help of an example.  
(b) How does interest rates affect yield to maturity? Show clearly with the help of an example.
- Q7 Fundamental and technical analysis are complementary approaches in taking trading positions or making investment decisions. Explain the statement with an example of how you will use the two to buy a script.
- Q8 What is efficient market hypothesis? What are its different forms? How do we measure the efficiency of markets?

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