

December 2023

B.Com(Honours) – V SEMESTER

Investment Management (BCOMH-505A)

Time: 3 Hours

Max. Marks:75

- Instructions:**
1. It is compulsory to answer all the questions (1.5 marks each) of Part -A in short.
 2. Answer any four questions from Part -B in detail.
 3. Different sub-parts of a question are to be attempted adjacent to each other.

PART -A

- Q1 (a) Distinguish between investment, speculation, and gambling. (1.5)
- (b) Define 'security analysis' in financial markets. (1.5)
- (c) Discuss the purpose of an initial public offering (IPO) in the primary market. (1.5)
- (d) Define the term 'risk-free rate' in the context of security pricing models. (1.5)
- (e) Define the term 'market risk' as a component of systematic risk. (1.5)
- (f) What is the significance of yield to maturity? (1.5)
- (g) Discuss the factors considered in assigning a credit rating. (1.5)
- (h) Define 'alpha' and 'beta' in the context of investment management. (1.5)
- (i) Explain the importance of risk assessment in investment management. (1.5)
- (j) Discuss the role of diversification in investment management strategies. (1.5)

PART -B

- Q2 (a) Explain the fundamental concept of investment management, outline the compelling need for sound investment strategies, and provide an overview of the essential stages in the investment process. (10)
- (b) What are the functions of primary and secondary markets? (5)
- Q3 (a) Discuss the role of the Capital Asset Pricing Model (CAPM) in security pricing. (5)
- (b) Analyze the risk-return relationship in investment decisions and discuss how a comprehensive risk-return analysis informs strategic choices for optimal portfolio management. (10)
- Q4 Explain security pricing models and their strengths, limitations, and real-world applications in financial markets, and discuss their impact on investment decisions and portfolio management. (15)
- Q5 (a) Examine the primary determinants of interest rates, discussing their interplay and the effects on financial markets and economic conditions. (5)
- (b) Explain the concept of debentures, highlight their distinctive features, and classify the various types, providing a comprehensive understanding of their role and significance in financial markets. (10)
- Q6 (a) Examine bond valuation theories, discussing their principles, methodologies, and (10)

investment decisions and portfolio management.

(b) How does the use of regression equations enhance portfolio management strategies? (5)

Q7 Explain various portfolio management theories, considering their evolution, key principles, and practical applications in investment decision-making, and discuss their impact on optimizing risk and return in diversified investment portfolios. (15)
