

Total No. of printed pages = 5

63/2 (SEM-2) MCO 205

2022

COMMERCE

(Theory Paper)

Paper Code : MCO 205

(Investment Analysis And  
Portfolio Management)

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks  
for the questions.

1. Choose the correct option :  $1 \times 6 = 6$

(i) Which of the following is not a financial investment ?

(a) Purchase of shares

(b) Purchase of Bonds

(c) Purchase of Car

(d) Purchase of Debenture

[Turn over

(ii) The objective of portfolio is to reduce

- (a) Return
- (b) Risk
- (c) Uncertainty
- (d) Percentage

(iii) Which provides money with its time value ?

- (a) Investment
- (b) Interest rate
- (c) Market rates
- (d) Currency rates

(iv) Which measures the systematic or non-systematic risk of a security ?

- (a) Standard deviation
- (b) Variance
- (c) Range
- (d) Beta

(v) In the strong form of the efficient market

- (a) Stock prices show the performances of the firm
- (b) The Stock prices reflect past prices of the share
- (c) All information reflect past prices of the share
- (d) Mutual funds are consistently superior to other investors

(vi) The market value of share is determined by

- (a) Demand and supply of shares
- (b) Beta
- (c) Historical past data
- (d) Unsystematic risk

2. Answer briefly the following questions :  
2×5=10

- (i) Define Portfolio management.
- (ii) What are Investment securities ?
- (iii) What is Liquidity Risk ?
- (iv) State any two assumptions of the Single-Index Model of measuring risk.
- (v) Define concentration risk.

3. Answer any *five* of the following questions :  
10×5=50

- (i) Explain the various phases of portfolio management.
- (ii) Define Risk. Describe the various types of measurement of risk.
- (iii) Define security market and explain its various functions.

- (iv) Discuss the various analysis of equity investment.
- (v) Define Portfolio analysis. Explain the Sharpe index model.
- (vi) What is Portfolio Revision? Explain the significance of Portfolio Revision.
- (vii) Explain the Treynor's measure of portfolio performance.
- (viii) Discuss the Jensen's measure of portfolio performance.
- (ix) Define the following :
  - (a) Derivatives
  - (b) Options
  - (c) Futures
  - (d) Efficient Market hypothesis.

4. Answer any *one* of the following questions :

14×1=14

- (a) Grarang Company is evaluating the rate of return on two of its Assets, I and II. The Asset I was purchased a year ago for ₹ 4,00,000 and since then it has generated cash inflows of ₹ 16,000 . Presently, it can be sold for a price

of ₹ 4,30,000. Asset II was purchased a few years ago and its market price in the beginning and at the end of the current year was ₹ 2,40,000 and ₹ 2,36,000 respectively. The Asset II has generated cash inflows of ₹ 34,000 during the year. Find out the rate of return on these Assets.

Or

- (b) An investor invest ₹ 1,00,000 now, ₹ 2,00,000 after one year and ₹ 1,00,000 after two years. All these investments are sold for ₹ 4,80,000 after three years. Find out the average annual rate of return.