



Roll No.....

End Semester Examination, December 2024
BBA(All Streams)/B.Com (All Streams)– III Semester
INTRODUCTION TO INVESTMENT MANAGEMENT (UIM103)

Time: 2.5 hrs.

Max Marks: **50**

Note: *All Questions are compulsory. Marks are indicated against each question.*

PART-A

Q.1 **Attempt any FIVE Questions.** **2x5**

- (a) Compare investment and speculation using practical examples. [CO-1] [L-2] **2**
- (b) List the primary factors influencing the valuation of mutual funds. [CO-1] [L-1] **2**
- (c) Explain how ULIPs differ from pension funds as investment options [CO-1] [L-2] **2**
- (d) Classify the following assets into fixed or variable income:
Corporate bond, Equity stock, Sovereign bond, REIT. [CO-1] [L-2] **2**
- (e) Define Sharpe Index Ratio. [CO-1] [L-1] **2**
- (f) Explain the Security Market Line (SML). [CO-1] [L-2] **2**
- (g) Discuss EIC Analysis. [CO-1] [L-2] **2**

PART-B

Q.2 Differentiate fixed income assets from variable income assets, also discuss their advantages and disadvantages with examples. [CO-2] [L-2] **10**

OR

Calculate the return on a portfolio consisting of ₹50,000 invested in mutual funds yielding 8% and ₹30,000 in sovereign bonds yielding 6%. [CO-2] [L-2] **10**

Q.3 Perform an economic analysis to determine the factors that affect the stock market's performance in emerging economies. [CO-3] [L-3] **10**

OR

Illustrate the application of the Capital Asset Pricing Model (CAPM) in evaluating a stock's expected return, [CO-3] [L-3] **10**

Q.4 Compare and contrast systematic risk and unsystematic risk, and discuss how they are measured using standard deviation and beta. [CO-5] [L-5] **10**

OR

Given the following returns of Asset X and the market: 10% (Asset X), 7% (market), calculate the beta of Asset X if the covariance between the asset and market is 0.025 and the variance of the market is 0.02. [CO- 4] [L-4] **10**

Q.5 Illustrate with the help of numerical, how the Security Market Line (SML) can be used to determine if a stock is overvalued or undervalued.

Risk-free rate (R_f): 3%

Expected market return (R_m): 10%

Beta of the stock (β): 1.5

Actual expected return of the stock: 15%

[CO-5] [L-5] **10**

OR

A portfolio consists of two assets, Asset A and Asset B, with the following data:

Asset A:

Expected Return (R_A): 12%

Weight in Portfolio (W_A): 60%

Standard Deviation (σ_A): 8%

Asset B:

Expected Return (R_B): 16%

Weight in Portfolio (W_B): 40%

Standard Deviation (σ_B): 12%

Correlation Coefficient between Asset A and Asset B (ρ_{AB}): 0.5

Risk-Free Rate (R_f): 3%

Question:

1. Calculate the expected return of the portfolio.
2. Calculate the portfolio standard deviation.
3. Calculate the Sharpe Ratio of the portfolio and interpret the result.

[CO- 5] [L-5] **10**