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BRAINWARE UNIVERSITY

Term End Examination 2025-2026
Programme – M.Com.(BFA)-2025
Course Name – Investment Analysis and Portfolio Decisions
Course Code - MCM27502 (T)
(Semester II)

Full Marks : 40 **Time : 2:0 Hours**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A

(Multiple Choice Type Question) 1 x 10=10

1. *Choose the correct alternative from the following :*

(i) Interpret the role of the investment market in an economy.

a) Increases inflation
b) Mobilizes savings into productive use
c) Eliminates business risk
d) Restricts capital formation

(ii) Compute the return on investment if ₹10,000 is invested and the value becomes ₹12,000 after one year.

a) 0.1
b) 0.15
c) 0.2
d) 0.25

(iii) Analyze the effect of inflation on investment returns.

a) Increases real returns
b) Has no impact
c) Reduces real returns
d) Eliminates nominal returns

(iv) Calculate the value of a bond paying ₹100 annually with required return 10%.

a) 900
b) 1000
c) 1100
d) 950

(v) Calculate the present value of ₹5,000 receivable after 3 years at 10%.

a) 3756
b) 3757
c) 4000
d) 4131

(vi) Evaluate which investor prefers low beta stocks.

a) Risk-seeker
b) Speculator
c) Risk-averse
d) Arbitrageur

(vii) Compute portfolio return: 40% at 5% and 60% at 15%.

a) 0.09
b) 0.1
c) 0.11
d) 0.12

(viii) Explain why present value is higher than future value.

a) Inflation
b) Compounding
c) Time value of money
d) Taxation

(ix) Analyze how GDP growth influences stock market performance.

297- 15

a) Reduces earnings
b) Increases uncertainty
c) Improves corporate profits
d) Eliminates volatility

(x) Identify major return source for bond investors.

a) Coupon & gain
b) Dividend
c) Bonus
d) Voting

Group-B

(Short Answer Type Questions) 3 x 5=15

2. Explain the concept of time value of money in valuation. (3)
3. Compute the portfolio beta if 50% is invested in a stock with beta 1.2 and 50% in a stock with beta 0.8. (3)
4. A mutual fund earns 11% while risk-free return equals to 5%. Determine excess return generated. (3)
5. An investor notices stock volatility higher than market fluctuations. Interpret beta characteristic of the stock. (3)
6. Calculate the expected return of a portfolio with 50% invested in Asset A earning 14% and 50% in Asset B earning 10%. (3)

OR

Determine Jensen's alpha if actual return is 16% and CAPM expected return is 13%. (3)

Group-C

(Long Answer Type Questions) 5 x 3=15

7. Determine the value of a zero-coupon bond of ₹1,000 maturing in 2 years at 10%. (5)
8. A commercial bank plans to invest in a corporate bond having face value ₹1,000 with annual coupon rate of 9% for 5 years. Market yield is 11% and bond price is ₹940. Calculate intrinsic value and advise investment decision. (5)
9. Compute moving average of prices ₹100, ₹110, ₹120. (5)

OR

Differentiate between line chart and candlestick chart. (5)

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