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PRESIDENCY UNIVERSITY

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Bengaluru

Mid Term Examinations - October 2026

Date: 08/10/2026 **Time:** 11:45 AM - 01:15 PM

Course Code: COM3042 **Course Name:** Investment Analysis

Semester: Fifth Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2
Marks	46	44

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	Explain the difference between the primary market and secondary market.	2	CO1	BT2
2	Summarize the role of mutual funds and ETFs as investment avenues.	2	CO1	BT2
3	Explain the role of SEBI in regulating the securities market in India.	2	CO1	BT2
4	Which risk-adjusted performance measure evaluates portfolio return in relation to its total risk?	2	CO2	BT1
5	If two securities have a positive correlation, how would this affect portfolio diversification?	2	CO2	BT1

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
6	Discuss the major investment avenues available to investors. Explain their key features, benefits, and associated risks with suitable examples.	10	CO1	BT2
7	Explain the features and basic functioning of equity and debt investments. Illustrate how they differ as investment avenues.	10	CO1	BT2

PART C: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
8	Discuss the meaning and functioning of mutual funds and ETFs. Explain how they provide investment opportunities to investors.	10	CO1	BT2

PTO (Please Turn Over)

9	A group of young investors notices that a social-media influencer is promoting a small-cap company and claiming that its share price will double within three months. The influencer provides a referral link to a trading platform and encourages investors to buy immediately. Several investors purchase the shares without analysing the company's financial statements. Subsequently, the share price falls by 40%. Some investors discover that misleading information about the company had circulated on social media before the price rise. Analyse the situation and answer the following: a) Identify the investor-protection and market-conduct issues involved in the case and explain why such activities can undermine the integrity of the securities market. b) Analyse the role of SEBI in regulating securities markets and protecting investors in such circumstances. c) Suggest three measures that investors should undertake before making investment decisions in the secondary market. Justify how these measures can reduce investment risk.	10	CO1	BT2

PART D: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
10	Consider two equity stocks, Sunrise Industries Ltd. and Global Shipping Ltd. Their possible rates of return under different economic conditions are given below: State of Economy / Probability of Occurrence / Sunrise Industries (%) / Global Shipping (%) Boom / 0.25 / 20 / 50 Normal / 0.50 / 12 / 12 Recession / 0.25 / 4 / -20 Describe the probability distribution of returns for the two stocks and determine the expected rate of return of each stock.	10	CO2	BT3
11	A stock is currently selling for Rs. 400 and pays no dividends. The possible prices at the end of one year and their probabilities are: Possible Price (Rs.) / Probability 320 / 0.10 360 / 0.20 400 / 0.30 440 / 0.25 480 / 0.15 (a) Calculate the expected holding period return. (b) Calculate the standard deviation of the returns.	10	CO2	BT3

PART E: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
12	An investor is considering a stock currently selling at Rs. 100 for a one-year investment. There is a 50% probability that the stock will sell for Rs. 90 and a 50% probability that it will sell for Rs. 120 at the end of the year. The investor can borrow funds from a bank at 10% per annum. (a) Calculate the investor's expected holding period yield and risk if he purchases 100 shares without borrowing. (b) Calculate his expected yield and risk if he purchases 200 shares, financing 50% of the total cost through borrowed funds.	10	CO2	BT3

13	An investor is considering purchasing a share currently priced at ₹50 for a one-year holding period. The share does not pay any dividends. There is a 50% probability that the share price will be ₹65 and a 50% probability that it will be ₹75 at the end of the year. The investor plans to purchase 200 shares, financing 75% of the total investment through borrowed funds. The interest rate on borrowed funds is 10% per annum. Calculate the expected return and risk of the investment. Ignore commissions and taxes.	10	CO2	BT3