



UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Eighth Semester – Spring 2022

Roll No.

Paper: Investment Analysis & Management (Finance Specialization)

Course Code: COMM-414

Time: 3 Hrs. Marks: 60

THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Write short answers to the following questions. (6x5=30)

1. Central Depository Company (CDC)
2. Capital asset pricing model
3. Differentiate between systematic and nonsystematic risk.
4. Stock market index
5. What is the relationship among nominal return and real return?
6. Differentiate between stock dividend and stock split.

Write detailed answers to the following questions. (3x10=30)

Q.2 What are different forms of market efficiency? Explain also some market anomalies.

Q.3 Assume an initial margin requirement is 50 percent and maintenance margin requirement is 30 percent. An investor buys 500 shares of stock on margin at \$70 per share. The price of the stock subsequently drops to \$63

- a) What is the actual margin at \$63?
- b) If the price declines to \$55, is there a margin call?
- c) Assume that the price declines to \$50. What is the amount of the margin call?

Q.4 Calculate the expected return and expected risk (standard deviation) of ABC Foods Ltd. for 2022, given the following information:

Possible returns	Probabilities
- 0.05	0.05
0.08	0.20
0.12	0.40
0.16	0.20
0.20	0.15