

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**MCom(CS) DEGREE EXAMINATION DECEMBER 2025
(Second Semester)**

Branch – CORPORATE SECRETARYSHIP

MAJOR ELECTIVE COURSE – I : INVESTMENT AND TRADING STRATEGIES

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Which of the following best defines investment? a) Saving money for future expenses b) Allocating funds with the expectation of generating income or profit c) Purchasing goods and services for personal use d) Donating money to charitable organizations	K1	CO1
	2	Show the primary function of a financial market. a) Providing loans to individuals and businesses b) Facilitating the exchange of goods and services c) Allocating capital from investors to businesses and governments d) Offering insurance products to mitigate risk	K2	CO1
2	3	In technical analysis, what is the role of a signal line? a) It represents the average price of a security over a specific period. b) It indicates a potential entry or exit point based on the crossing of other lines. c) It signifies the formation of a specific chart pattern. d) It denotes a significant level of support or resistance.	K1	CO1
	4	Relate: What does the trigger line represent in technical analysis? a) The highest price reached during a specified period b) The level at which a security is expected to reverse direction c) A line plotted to confirm a buy or sell signal d) The average price of a security over a particular period	K2	CO1
3	5	Find the maximum potential loss for a buyer of a call option. a) The premium paid for the option b) Unlimited c) The difference between the strike price and the underlying asset's price d) Zero	K1	CO1
	6	Show the primary benefit of using options in trading strategies. a) Unlimited profit potential b) Limited risk c) Guaranteed returns d) Access to exclusive investment opportunities	K2	CO1
4	7	What is the key characteristic of a directional trading strategy? a) It aims to profit from both rising and falling markets b) It only profits from rising markets c) It only profits from falling markets d) It does not rely on market direction for profit	K1	CO1
	8	Show the participant in the futures market aims to profit from price discrepancies between related assets in different markets. a) Speculator b) Hedger c) Market maker d) Arbitrager	K2	CO1
5	9	What is the purpose of a collar strategy in options trading? a) To limit both potential losses and potential gains b) To maximize potential gains while minimizing potential losses c) To speculate on large price movements in the underlying asset d) To profit from low volatility in the market	K1	CO1

Cont...

5	10	Relate: What is a binomial tree used for in option pricing? a) To visualize the potential payoff of an option strategy b) To calculate the value of an option at different points in time c) To simulate random price movements in the underlying asset d) To estimate the probability of profit for a given option trade	K2	CO1
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SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Examine the characteristics and types of fixed income securities.	K4	CO3
		(OR)		
	11.b.	Analyze the factors that influencing the pricing of options and futures contracts.		
2	12.a.	Explain the different types of waves in Elliott Wave Theory.	K5	CO4
		(OR)		
	12.b.	Explain how the Average Directional Index (ADX) can help traders assess the strength of a trend.		
3	13.a.	How options are used for hedging and speculation purposes? – Analyze.	K4	CO3
		(OR)		
	13.b.	Examine currency options and distinguish them from other types of options.		
4	14.a.	How do traders use support and resistance levels in trading strategies? – Discuss.	K6	CO5
		(OR)		
	14.b.	Elaborate the trading strategy based on support and resistance levels.		
5	15.a.	Explain the types of option strategies commonly used in financial markets.	K5	CO4
		(OR)		
	15.b.	Assess the characteristics and applications of an interest rate floor.		

SECTION - C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Examine the difference between primary and secondary financial markets and their respective functions.	K4	CO3
2	17	Explain the head and shoulders pattern and its implications for price movements.	K5	CO4
3	18	Examine the role of currency options in managing exposure to currency fluctuations in investment portfolios.	K4	CO3
4	19	Explain how traders can use a moving average crossover strategy.	K5	CO4
5	20	Discuss the steps involved in constructing a binomial tree for option pricing, including assumptions and considerations.	K6	CO5