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(Pages : 4)

Name.....

Reg. No.....

**FIFTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2022**

B.Com.

BCM 5B 11—FINANCE SPECIALIZATION—II—FUNDAMENTALS OF INVESTMENT

(2017—2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I (Objective Questions)

*Answer all questions.
Each question carries 1 mark.*

Choose the correct answer :

1. The year in which the SEBI Prohibition of insider trading regulations came into force :
 - (a) 1994.
 - (b) 1993.
 - (c) 1992.
 - (d) 1991.
2. The market beta is assumed to be _____ in portfolio analysis.
 - (a) 0.
 - (b) 1.
 - (c) σ .
 - (d) ∞ .
3. The year in which 'NIFTY 50' is founded :
 - (a) 1995.
 - (b) 2001.
 - (c) 1993.
 - (d) 1997.
4. The bond issued by a company that does not have an investment-grade credit rating :
 - (a) Guilt Bond.
 - (b) Bad Bond.
 - (c) Black Bond.
 - (d) Junk Bond.
5. The analysis that believes, historical data as a valuable indicator of security's future price movements :
 - (a) Two Factor Analysis.
 - (b) Fundamental Analysis.
 - (c) Technical Analysis.
 - (d) Sharpe's Analysis.

Turn over

Fill in the blanks :

6. The theoretical basis of Dow theory is _____.
7. *Dalal* street in Mumbai is famous for _____.
8. In single-index model, basic assumption regarding the causes of systematic risk is that there is only _____ macroeconomic factor.
9. A black (or red) candle represents a price action with a _____ closing price than the prior candle's close.
10. Expand 'FPO' used in primary capital market.

(10 × 1 = 10 marks)

Part II

Answer any **eight** questions in two **or** three sentences.

Each question carries 2 marks.

11. What is 'Default Risk' ?
12. Give the meaning of investment.
13. What is 'Holding Period Return' ? How we calculate it ?
14. What do you mean by bonds ? List out its types.
15. How credit rating helps an investor ?
16. List out various constraints in portfolio management.
17. What do you understand by 'Growth Shares'?
18. Calculate Sharpe Performance Index, if a portfolio manager achieved a return of 15 % when the risk-free rate was 7 % and portfolio SD (σ_p) is 30 %.
19. Calculate the 'Expected Rate of Return' of an investor who is purchasing a stock with the following possible returns and probabilities :

Return (%)	...	3	10	12	20
Probability (%)	...	10	45	40	5
20. An investor is considering to purchasing a debenture having 3 years to maturity with a coupon rate of 11 % and redeemed at par at ₹ 100. If he requires 13 % yield to maturity, what should be the market price ?

(8 × 2 = 16 marks)

Part III

*Answer any **six** questions in about 200 words.*

Each question carries 4 marks.

21. Under, SEBI Prohibition of Insider Trading Regulations, what is meant by “price sensitive information”?
22. What are the different sources of fundamental risks?
23. What do you understand by ‘Security Market Line’? How it explain risk and return?
24. What are the differences between fundamental and technical analysis?
25. List out different types of portfolio management?
26. Explain the basic types of ‘Market Trends’.
27. Mr. V is currently earning ₹ 3 per share. His return on equity is 25 % and he retains 50 % of its earnings and is expected to maintain it indefinitely. Stocks of similar risks are giving a return of 15 %. What is intrinsic value of Mr. V’s stock?
28. Four possible investments and their anticipated returns are : Savings account 2 % ; Corporate debt 6 % ; Corporate equities 8 % and Risky derivatives 15 %. For an elderly relative, you believe the correct asset allocation is 20 % in the savings account, 50 % in corporate debt, 30 % in equities, and nothing in the risky derivatives. You, however, are willing to bear more risk and believe your asset allocation should be 5 % in the savings account, 30 % in corporate debt, 50 % in equities, and 15 % in the risky derivatives. What are the expected returns for both allocations?

(6 × 4 = 24 marks)

Part IV (Essay Questions)

*Answer any **two** questions in about 800 words.*

Each question carries 15 marks.

29. Examine various options available for protecting the interest of investors in India.
30. What are the different investment alternatives available to investors? Explain merits and demerits of each.

Turn over

31. A portfolio is consisting of 5 shares as given below. Using it, calculate expected return of :

(a) Individual shares ; and (b) Of the portfolio.

Shares	A	B	C	D	E
Initial investment (₹)	5,000	2,500	4,000	10,000	3,500
Expected value at the end (₹)	7,000	4,000	5,000	12,000	5,000
Proportion of each share to total initial portfolio value (%)	20	10	16	40	14

(2 × 15 = 30 marks)

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(Pages : 4)

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FIFTH SEMESTER U.G. DEGREE EXAMINATION, NOVEMBER 2021

(CUCBCSS—UG)

B.Com.

BCM 5B 11—FINANCE SPECIALIZATION II—FUNDAMENTALS OF INVESTMENT

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I (Objective Questions)*Answer all questions.**Each question carries 1 mark.*

Choose the correct answer :

1. HDFC Ltd. is issuing a bond on its housing loan portfolio. Which type of bond it is ?

(a) Government Bond.	(b) Corporate Bond.
(c) Mortgage Bond.	(d) Portfolio Bond.
2. The year in which SEBI became an autonomous body on 30th January :

(a) 1989.	(b) 1988.
(c) 1992.	(d) 1991.
3. The Dow theory operates on :

(a) Market Charts.	(b) Efficient Markets Hypothesis.
(c) Random Walk.	(d) Market Equilibrium.
4. In investment management 'SIP' means what ?

(a) Systematic Investment Plan.	(b) Share Information Plan
(c) Share Investment Plan.	(d) Secured Investment Plan.
5. Unsystematic risk is otherwise known as :

(a) Un-Diversifiable Risk.	(b) Empirical Risk.
(c) Market Risk.	(d) Unexplained Risk.

Turn over

Fill in the blanks :

6. In Sharpe model, _____ is the formula to calculate excess return on a security.
7. PE ratio multiple can be used as fundamental determinants for _____.
8. The company that have highest representation in NSE nifty 50 index is _____.
9. SEBI Prohibition of insider trading regulations came into force in the year _____.
10. In portfolio analysis, market beta is assumed to be _____.

(10 × 1 = 10 marks)

Part II

*Answer any **eight** questions in two **or** three sentences.*

Each question carries 2 marks.

11. What Is the PEG Ratio ?
12. Define the term 'efficient portfolio'.
13. What are the different types of issues in a primary capital market ?
14. What are the different sources of financial information ?
15. Give the difference between investment and speculation
16. Write a note on Technical analysis.
17. As per SEBI who is an "insider"?
18. What do you mean by Active Portfolio Management?
19. Define the term 'Portfolio' in investment management.
20. If an investor buys a stock for Rs. 10 and expects to earn a dividend of Rs. 0.66 and to sell it for Rs. 12, calculate the expected return.

(8 × 2 = 16 marks)

Part III

Answer any **six** questions in about 200 words.

Each question carries 4 marks.

21. Determine the Beta of the portfolio (B_p) consisting of securities A, B and C in the ratio 2 : 1 : 2 and with individual beta 1.76, 0.85 and 1.5 respectively.
22. What is credit rating ? How it helps an investor ?
23. Explain : Risk, Return and Risk-Return Tradeoff.
24. Mr. Rajesh is considering investing in a Bond with 4 year maturity, trading at Rs. 9050.75 ; On maturity it will be discounted at face value Rs. 10,000. The coupon rate is 8 % while the market rate of same risk class instruments are 10 %. Advice Mr. Rajesh in this regard, assuming annual interest payment will be after one year from today. What if it is redeemed at 5 % premium ?
25. Explain the importance of 'Efficient Market Hypothesis' in investment.
26. What do you understand by an 'Investment Policy Statement' ? What is its use ?
27. Explain various sources of risk.
28. Explain various investment attributes considered before investing in a particular investment.

(6 × 4 = 24 marks)

Part IV (Essay Questions)

Answer any **two** questions in about 800 words.

Each question carries 15 marks.

29. Calculate expected return for the given below portfolio :

Share Name	Number of Shares	Current price	Expected year end price
A	100	50	65
B	150	30	40
C	75	20	25
D	100	25	32
E	125	40	47

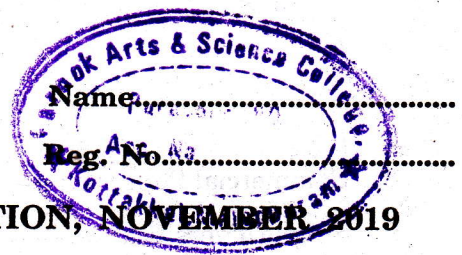
Turn over

30. What is fundamental analysis ? What are its components ? How it differ from technical analysis ?
31. Examine the role of SEBI in protecting the interest of investors.

(2 × 15 = 30 marks)

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(Pages : 3)



FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2019

(CUCBCSS—UG)

B.Com.

BCM 5B 11—FINANCE SPECIALIZATION II—FUNDAMENTALS OF INVESTMENT

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I (Objective Questions)

Answer all questions.

Each question carries 1 mark.

Choose the correct answer :

1. Shares which are not affected by the market movements are known as :
 - (a) Offensive shares.
 - (b) Growth shares.
 - (c) Defensive shares.
 - (d) Income shares.
2. In order to construct an optimal portfolio, the securities are ranked based on their :
 - (a) Excess return to beta ratio.
 - (b) Risk return ratio.
 - (c) Co-variance.
 - (d) Beta.
3. Bonds with lower credit rating and high default risk are known as :
 - (a) Default bonds.
 - (b) High risk bonds.
 - (c) Junk bonds.
 - (d) Convertible bonds.
4. Markowitz model gives more importance to :
 - (a) Risk.
 - (b) Return.
 - (c) Allocation.
 - (d) Diversification.
5. A portfolio denotes :
 - (a) Group of assets.
 - (b) Group of stocks.
 - (c) Group of commodities.
 - (d) All the above.

Fill in the blanks :

6. The index of BSE is _____.
7. The regulatory body of capital market is _____.

Turn over

8. Commercial Paper is a _____ market instrument.
9. Simple diversification _____ risk.
10. IPF means _____.

(10 × 1 = 10 marks)

Part II

*Answer any eight questions in two or three sentences.
Each question carries 2 marks.*

11. Define primary market.
12. What is speculation ?
13. What is discount rate ?
14. Who is risk averse investor ?
15. Name any three charts used in technical analysis.
16. What is right issue ?
17. Define Investment.
18. What is run test ?
19. What is industry analysis ?
20. What is coupon rate ?

(8 × 2 = 16 marks)

Part III

*Answer any six questions in about 200 words.
Each question carries 4 marks.*

21. Write a note on : a) Equity risk, b) Currency risk, and c) purchasing power risk.
22. Explain multi-index model.
23. What are the advantages of credit rating to customers ?
24. What are the characteristics of real estate investments ?
25. What are the different types of bonds ?
26. Explain dividend capitalisation model.
27. What are the uses of indices ?
28. Differentiate between fundamentals and technical analysis.

(6 × 4 = 24 marks)

Part IV (Essay Questions)

Answer any two questions in about 800 words.

Each question carries 15 marks.

29. Explain the efficient market hypothesis in strong form, semi strong form and weak form.
30. What are the functions of SEBI and discuss the role of SEBI in investor protection.
31. What is investment, what are the objectives end explain the process of investment ?

(2 × 15 = 30 marks)

Turn over