

C 40432

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Name.....

Reg. No.....

**SIXTH SEMESTER U.G. DEGREE EXAMINATION, MARCH 2023**

(CBCSS–UG)

B.Com.

BCM 6B 14—FUNDAMENTALS OF INVESTMENTS

(FINANCE SPECIALISATION)

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

**Section A***Answer all questions.**Each question carries 2 marks ; Ceiling 25 marks.*

1. Who is an Investor in the Stock market ?
2. What is Technical Analysis ?
3. What do you mean by New Issue market ?
4. Differentiate Systematic risk and Unsystematic risk.
5. What is Investment ?
6. What is Price Charts ?
7. What is Portfolio risk ?
8. What is Bond Yields ?
9. Expand CAPM.
10. What is Dividend Yield Method ?
11. What is Elliot Wave theory ?
12. Distinguish between Bonds and Shares.
13. Which are the Fund Based Activities in financial services ?
14. What is EIC analysis ?
15. What is financial market ?

(15 × 2 = 30 marks ; ceiling 25 marks)

**Section B***Each question carries 5 marks ; ceiling 35 marks.*

16. Explain the role of SEBI as an investor protector.
17. Distinguish between fundamental Analysis and Technical Analysis.
18. What is Portfolio Analysis ? Discuss its importance in investment management.

**Turn over**

19. What are the benefits of Indices ?
20. From the following information find out the expected risk of the portfolio ;

Security	Expected return (%)	Proportion of investment	SD
ACC	10	40	0.2
DCM	15	60	0.3

Correlation coefficient between these two securities is 0.5.

21. An investor owns the share of a company whose current cash dividend is Rs. 3. The constant growth rate of dividend is 16% per year and the required rate of return is 20%. What is the value of the share of the company ?
22. What are importance of Portfolio diversification ?
23. Explain the Dow Theory.

(8 × 5 = 40 ; ceiling 35 marks)

### Section C

*Answer any two questions.  
Each question carries 10 marks.*

24. Securities X and Y generate the following sets of returns, standard deviations and correlation coefficient :

	X	Y
Return	20%	30%
SD	15	30

Correlation coefficient of A and B 0.60.

A portfolio constructed with 40% of funds invested in X and the remaining 60% in Y. Calculate SD of the portfolio.

25. Define Investment. Briefly explain Investment Environments elements.
26. What are the risks of investing in a bond ?
27. Write a note of intermediaries in the financial markets.

(2 × 10 = 20 marks)

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B.Com.

BCM 6B 14—FUNDAMENTALS OF INVESTMENTS (FINANCE SPECIALISATION)

(2019 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

**Section A**

*Answer at least ten questions.  
Each question carries 3 marks.  
All questions can be attended.  
Overall Ceiling 30.*

1. What is Fixed Income Securities ?
2. What is Portfolio Analysis ?
3. What is Fundamental analysis ?
4. What do you mean by Candle Stick ?
5. What is Dividend Yield method ?
6. What is financial System ?
7. What is leading and lagging indicators ?
8. What is NIFTY index ?
9. Difference between primary market and Secondary Markets.
10. What is Insider trading ?
11. Distinguish Bonds and Shares.
12. What is Systematic risk ?
13. What is Yield to maturity (YTM) ?
14. What is risk in Investment ?
15. What is P/E ratio ?

(10 × 3 = 30 marks)

**Turn over**

**Section B**

*Answer at least five questions.*

*Each question carries 6 marks.*

*All questions can be attended.*

*Overall Ceiling 30.*

16. What are the risks of investing in a bond ?
17. Discuss the steps in the investment decision process.
18. Explain EIC analysis.
19. What is Securitisation of debt ?
20. Stock A and B generate the following sets of returns, standard deviations and correlation co-efficient :

	A	B
Return	20%	30%
SD	15	30

Correlation co-efficient of A and B 0.60

A portfolio constructed with 40% of funds invested in A and the remaining 60% in B. Calculate SD of the portfolio.

21. What are Shares ? Explain the merits and demerits of different types of shares.
22. Given the following example find out the expected risk of the portfolio :

Security	Expected return (%)	Proportion of investment	SD
ACC	10	40	0.2
DCM	15	60	0.3

Correlation co-efficient between these two securities is 0.5.

23. An investor owns the share of a company whose current cash dividend is Rs. 3. The constant growth rate of dividend is 16% per year and the required rate of return is 20%. What is the value of the share of the company.

(5 × 6 = 30 marks)

**Section C**

*Answer any two questions.*

*Each question carries 10 marks.*

24. Explain the principles of technical analysis.
25. What are the functions of SEBI as an investment protector ?

26. What is Portfolio diversification ? Explain the need for portfolio diversification.

27. Rohan Ltd has declared dividends during the past 5 years as follows :

Year	:	2016	2017	2018	2019	2020
Rate of dividend %	:	13	12	15	11	16

The ARR prevailing in the same industry is 13%. Calculate the value per share of Rs.10 of Rohan Ltd. based on the dividend yield method.

(2 × 10 = 20 marks)