

21U673

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Name:

Reg.No:

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2024

(CBCSS - UG)

(Regular/Supplementary/Improvement)

CC19U BCM6 B14 - FUNDAMENTALS OF INVESTMENT

(Commerce: Finance - Core Course)

(2019 Admission onwards)

Time : 2.5 Hours

Maximum : 80 Marks

Credit : 4

Part A (Short answer questions)

Answer *all* questions. Each question carries 2 marks.

1. Define investment.
2. What is Foreign Stock Market Indices?
3. What is Beta and Standard Deviation?
4. What is Mutual Fund?
5. What do you mean by gilt edged securities?
6. What is convertible bond?
7. What is certificate of deposit?
8. What is dividend growth model?
9. What is support level?
10. What are indicators?
11. What do you mean by Elliot wave theory?
12. What is called conservative portfolio?
13. What is single index model?
14. What do you mean by SCORES?
15. What is insider trading?

(Ceiling: 25 Marks)

Part B (Paragraph questions)

Answer *all* questions. Each question carries 5 marks.

16. Explain the different elements of investment environment.

17. What are the sources of financial information?
18. Calculate mean return (expected return) and standard deviation of a stock?

Year	2000	2001	2002	2003	2004
Returns (%)	20	40	30	10	50

19. A 5 year bond with a coupon payment of Rs. 11 and the maturity value of Rs. 80 is currently selling at Rs. 110. The yield to maturity is 10 %. Advise the investor whether to buy or not this security?
20. An investor wants to get Rs.3.50 as dividend from a share in the next year and hopes to sell of the same at Rs.45 after holding it for 1 year. Required rate of return is 25%. Find the present value of share.
21. What is Company Analysis? What is its objective? Bring out the relevance of such analysis in investment decisions.
22. Explain head and shoulder bottom.
23. Explain the process of portfolio management.

(Ceiling: 35 Marks)

Part C (Essay questions)

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

24. What is risk? Explain different types of risk. Also explain risk return trade off.
25. The market value of bond is Rs. 100, carrying a coupon rate of 14 % and maturing after 10 years is Rs. 80. What is the YTM on this bond?
26. Discuss about the technical analysis as a tool for security selection.

27.

Security A		Security B	
Probability (%)	Return (%)	Probability (%)	Return (%)
0.05	15	0.05	8
0.20	20	0.25	18
0.50	25	0.40	26
0.20	30	0.25	34
0.05	35	0.05	44

Calculate:

- (a) Expected rate of return of each security
- (b) Standard deviation for each security
- (c) Comment with reason as to which the two securities has more upside potential and downside risk.
- (d) Expected Return of security B based on probability of occurrence of security A.

(2 × 10 = 20 Marks)
