20U543S	(Pages	*	Name:			
FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2022						
CC17U R	CUCBCS) C5 B11 - FUNDAME	<i>'</i>	STMENT			
ссіте в	(Commerce – C		SIMENI			
	(2017, 2018 Admissio	n - Supplementary)				
Time: Three Hours			Maximum: 80 Marks			
	Part	: I				
	ver <i>all</i> questions. Each	question carries 1 r	nark.			
(A) Multiple Choice Question	ons:					
1. The NSE was established	ished in the year					
(a) 1990	(b) 1991	(c) 1992	(d) 1993			
2. White candle stick represents						
(a) Bearish trend	(b) Neutral trend	(c) Bullish trend	(d) None of the above			
3. The State of the economy can be considered what?						
(a) Systematic risk	(a) Systematic risk (b) Unsystematic risk (c) Diversifiable risk (d) Beta					
4. The specified date on which the principal amount of a bond is payable is referred to as						
which one of the following	lowing?					
(a) Coupon Date	(b) Yield Date	(c) Maturity	(d) Dirty Date			
5. Which of the follows	5. Which of the following investments would rank the highest with regard to safety?					
(a) Government bonds		(b) Common stock.				
(c) Preferred stock		(d) Corporate bonds				
(B) Fill in the blanks:						
6. CAPM stand for						
7 Risk is considered non diversifiable risk.						
8 is the other name of zero coupon bonds.						
9. A security is said to	be if its cur	rent market price is	over its intrinsic value.			
10 Measure t	he efficiency of credit	management.				
			$(10 \times 1 = 10 \text{ Marks})$			
	Part					
	any <i>eight</i> questions. Ea	ach question carries	2 marks.			
11. What is SML?						
12. What is Co-variance	?					

(1)

Turn Over

- 13. What is Expected return?
- 14. Zero Coupon Bond (ZCB)
- 15. What is Yield to Maturity?
- 16. A bond of face value Rs. 1000 and coupon rate of 12 percent is currently selling for Rs. 800. What is the current yield?
- 17. What do you mean by callable bonds?
- 18. What is Mathematical Indicators?
- 19. What is P.E. Ratio?
- 20. What is Divided Capitalization Model?

 $(8 \times 2 = 16 \text{ Marks})$

Part III

Answer any six questions. Each question carries 4 marks.

- 21. Explain Beta measurement principle?
- 22. If the bond is purchased of Rs. 900 and it is sold for Rs. 750, after receiving Rs. 100 as coupon payment. What is the holding period return?
- 23. A five 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?
- 24. Determine Macaulay's duration of a bond that has a face value of Rs. 1,000 with 10 per cent annual coupon rate and 3 years term to maturity. The bond's yield to maturity is 12 per cent.
- 25. What is the value of a Rs. 1,000 bond that paying 5 per cent annual coupon rate in semi-annual payments over 5 years until it matures if its yield to maturity is 7 per cent?
- 26. Mr. .X is planning to buy an equity share to hold it for one year and sell it. The expected dividend at the end of first year is Rs. 7 and the expected sale proceeds are Rs.200 after one year. Determine the present value of the share to the investor assuming the discount rate of 15%.
- 27. An investor owns the shares of a company whose current cash dividend is Rs 3. The constant growth rate in dividend is 16% per year and the required rate of return is 20%. What is the value of the share of this company?
- 28. An investor expects to get Rs.3.50, Rs.4 and Rs.4.50 as dividend from a share during the next three years and hopes to sell it off at Rs.75 at the end of the third year and if his required rate of return is 25% what is the present value of this share to an investor?

 $(6 \times 4 = 24 \text{ Marks})$

Part IV

Answer any *two* questions. Each question carries 15 marks.

29. From the following data find Alpha, Beta and systematic risk of Equity shares of B Ltd?

<u>Period</u>	Return of B Ltd	Return of Market
		<u>portfolio</u>
1	30	35
2	28	30
3	25	18
4	20	15
5	24	20
6	10	11
7	3	-10

- 30. Define risk. What are the different types of risk which influences investment?
- 31. A 4 year debenture with 10% coupon rate, maturity value Rs.1000 is currently selling at Rs.900. What is YTM?

 $(2 \times 15 = 30 \text{ Marks})$

20U543S
