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Name :

Reg. No :

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2025

(CBCSS-UG)

(Regular/Supplementary/Improvement)

CC19U BCM6 B14 - FUNDAMENTALS OF INVESTMENT

(Commerce - Elective 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. What is Absolute Return?
2. What is the role of Correlation coefficient in the construction of a portfolio?
3. What is Systematic risk?
4. What is Co-variance?
5. What is Sensex and Nifty?
6. What do you mean by G-secs?
7. What is face value?
8. What is YTC?
9. What is maturity of a bond?
10. What is time value of money?
11. What are indicators?
12. What do you mean by patient portfolio?
13. What is EMH theory?
14. What do you mean by SCORES?
15. What is investor activism?

(Ceiling: 25 Marks)

Part B (Paragraph questions)

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

16. What are the various objectives of investment?
17. Which tool can be used to calculate volatility of a stock? Explain.

18. What is the present value of a bond with face value of Rs. 1000, coupon rate 8 % and maturity period of 3 years and YTM = 10 %?
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. What are the factors to be considered during the industry analysis?
21. What is technical analysis? State the merits and demerits.
22. Let standard deviation of security A = 5, standard deviation of Security B=6, proportion of weights are equal, coefficient of correlation is -1. What is the gain of portfolio?
23. A portfolio is constituted with 4 securities having these characteristics. Calculate portfolio return?

Security	Return %	Proportion of investment
A	17.5	0.15
B	24.8	0.25
C	15.7	0.45
D	21.3	0.15

(Ceiling: 35 Marks)

Part C (Essay questions)

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

24. Two companies A and B have the following probabilities of possible future returns.

Company A	16	6	-5	30	42
Company B	-20	10	20	30	50
Probability	0.1	0.2	0.4	0.2	0.1

Find the expected rate of return, standard deviation and also coefficient of variation. Which share would you prefer?

25. What are the quantitative models of equity valuation? What are their limitations?
26. Write a short note on (a) chart patterns (b) support and resistance level (c) trends
27. Calculate portfolio variance and standard deviation for a portfolio having the following characteristics.

Securities	Return (%)	Standard Deviation	Proportion of Investment
J	40	12	0.2
K	15	8	0.3
L	50	16	0.5

Correlation Co-efficient

- ① J & K = 0.8 ② J & L = 0.2 ③ K & L = 0.5

(2 × 10 = 20 Marks)
