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Name: .....

Reg. No: .....

**FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2021**

(CUCBCSS-UG)

**CC17U BC5 B11 - FUNDAMENTALS OF INVESTMENTS**

(Commerce – Core Course)

(2017, 2018 Admissions – Supplementary/Improvement)

Time: Three Hours

Maximum: 80 Marks

**Part I**

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

A) Multiple Choice Questions:

1. The State of the economy can be considered what?  
(a) Systematic risk (b) Unsystematic risk (c) Diversifiable risk (d) Beta
2. This option gives the holder or buyer the right to buy the specified quantity of the underlying asset at a specified price on or before a specified time.  
(a) Call Option (b) Put Option (c) Swap option (d) None of the above
3. Which of the following is a market place for trading unlisted financial instruments?  
(a) OTC Market (b) EFT Market (c) Swap Market (d) None of the above
4. Which The base year of NSE-NIFTY is  
(a) 1992 (b) 1993 (c) 1994 (d) 1995
5. Which of the following shares have a Priority to get dividend and the return of capital at the time of winding up of the company?  
(a) Preference share (b) Equity share (c) Bonus share (d) Swap

B) Fill in the blanks:

6. Betting on an uncertain income is \_\_\_\_\_
7. \_\_\_\_\_ measures the profitability of equity funds invested in the firms.
8. A security is said to be \_\_\_\_\_ if its current market price is over its intrinsic value.
9. The risk of doing business in a particular industry or environment is called \_\_\_\_\_ risk
10. Aggressive portfolio consists of bonds and stocks in the ratio of \_\_\_\_\_

**(10 × 1 = 10 Marks)**

**Part II**

Answer any *eight* questions. Each question carries 2 marks.

11. What is Co-efficient of correlation?
12. What is Reinvestment risk?

(1)

**Turn Over**

13. What is YTC?
  14. What is CML?
  15. What is Systematic Risk?
  16. State the difference between "Top-down "and "Bottom-up" forecasting approach?
  17. What is Candlestick chart?
  18. What is Put Option?
  19. What is security market line?
  20. If the price of an equity share at the beginning is Rs. 240, the price at the end is Rs. 32 and the holder receives a dividend of Re. 30 per share, calculate the rate of return?
- (8 × 2 = 16 Marks)**

**Part III**

Answer any *six* questions. Each question carries 4 marks.

21. What are the various objectives of investment?
22. Stock Y and Z have the following parameters:
 

	Stock Y	Stock Z
Expected Return	20	30
Expected Variance	16	25
Covariance YZ	20	

Is there any advantage of holding a combination of Y and Z?
23. An investor would like to get a dividend of 30 paise from a share and want to sell it next year for Rs. 60 after keeping it for one year. The required rate of return is 20 %. What will be the present value of this share?
24. What are the differences between option and swap?
25. What is Dow Theory?
26. ABC Company has a beta of 1.2.the expected risk free rate of interest is 4% and the expected premium for the market as a whole is 5%. What is the expected return for ABC Company Stock?
27. Determine the duration of a bond, which has face value of Rs.1000, coupon rate 8%, years to maturity 4 years, YTM = 10%. What is the modified duration if the YTM goes up from 10% to 11%? Determine the new price of the bond.
28. An investor expects a dividend of Rs.5 per share for next of each 10 year and selling price of Rs.80 at the end of 10 years. Calculate the present value of share if his required rate of return is 12%?

**(6 × 4 = 24 Marks)**

**Part IV**

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

29. Discuss different types of investment assets. Explain the needs and importance of investment?
30. A company has outstanding 8 percentage debentures of Rs.10, 00,000 on which interest is payable annually on 31<sup>st</sup> December. The debenture are due for redemption at par on 1-1-1993.the market price of debenture on 31-12-1989 was Rs.103 cum interest. Ignore tax. What do you estimate to be current market rate of interest (YTM)?
31. What is Fundamental Analysis? State the important tools of Fundamental Analysis.

**(2 × 15 = 30 Marks)**

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