

C 20009

(Pages : 3)

Name.....

Reg. No.....

**SIXTH SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
MARCH 2022**

B.Com.

BCM 6B 15—FUNDAMENTALS OF INVESTMENT (FINANCE SPECIALISATION)

(2014 to 2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

*Answer may be written either in English or in Malayalam***Part I***Answer all questions.**Each question carries 1 mark.***(A) Multiple choice Question :**

- 1 _____ is known as Un-diversifiable risk.
 - (a) Systematic Risk.
 - (b) Unsystematic risk.
 - (c) Business Risk.
 - (d) Demand Risk.
- 2 _____ is a long term debt instrument used by a company.
 - (a) Debenture.
 - (b) Equity.
 - (c) Preference share.
 - (d) Both (a) and (b).
- 3 Fundamental analysis includes :
 - (a) Economic Analysis.
 - (b) Company analysis.
 - (c) Industry analysis.
 - (d) All of these.
- 4 _____ model is also known as Bird in the hand Theory.
 - (a) Walter's Model.
 - (b) Dividend discount model.
 - (c) Gordon's model.
 - (d) None of these.
- 5 _____ is an OTC derivative.
 - (a) Futures.
 - (b) Options.
 - (c) Forward.
 - (d) Both (a) and (b).

Turn over

(B) Fill in the blanks :

- 6 _____ is the commitment of fund with a expectation of future earnings.
- 7 A _____ is an institution where second hand securities are bought and sold.
- 8 Dow theory was first introduced by _____.
- 9 In the _____ form of market efficiency , the securities price reflect all the publicly available information
- 10 The price at which the underlying asset trades in the spot market is called _____.

(10 × 1 = 10 marks)

Part II

*Answer any **eight** questions.*

Each question carries 2 marks.

- 11 What do you mean by Financial assets ?
- 12 A bond has a coupon rate of 6% on the face value of Rs. 1,000. It was purchased for Rs. 900 at a discount to face value. Calculate the current yield.
- 13 What is unsystematic risk ?
- 14 What do you mean by default risk ?
- 15 What is P/E ratio ?
- 16 What do you mean by fundamental analysis ?
- 17 What is preference share ?
- 18 What is put option ?
- 19 What is portfolio ?
- 20 What is inside trading ?

(8 × 2 = 16 marks)

Part III

*Answer any **six** questions.*

Each question carries 4 marks.

- 21 Explain the factors affecting investment decision.
- 22 Write a short on various investment avenues.

- 23 Briefly explain any *two* functions of SEBI.
- 24 The net earnings of ABC Ltd. Declining at a rate of 6 % per annum .The present dividend is 3 % per share and dividend decline proportionately to earnings . The required rate of return is 14.5 % What is the present value of the stock ?
- 25 Explain the risk involved in investment of funds in bonds.
- 26 What are the different types of debentures ?
- 27 Explain briefly the theory of Elliot Wave theory.
- 28 What are the uses of derivatives ?

(6 × 4 = 24 marks)

Part IV

Answer any two questions.

Each question carries 15 marks.

- 29 Explain the portfolio management process.
- 30 Discuss various measures taken by SEBI for investor protection.
- 31 The share of a chemical company are selling at Rs. 20 per share . The firm had paid dividend at Rs. 2 per share for last year. The estimated growth of the dividend from the company is 5 % per annum. The required rate of return is 15.5 %. Determine the market price of the equity share if the growth rate of dividend (i) Is constant ; (ii) Risen to 8 % ; and (iii) Falls to 3 %.

(2 × 15 = 30 marks)

C 1009

(Pages : 3)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, MARCH 2021

(CUCBCSS—UG)

B.Com.

BCM 6B 15—FUNDAMENTALS OF INVESTMENT
(FINANCE SPECIALISATION)

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam

Part I

Answer all questions.

Each question carries 1 mark.

(A) Multiple Choice Questions :

1 _____ is the source of unsystematic risk.

- (a) Inflation risk. (b) Liquidity risk.
(c) Business Risk. (d) Reinvestment risk.

2 _____ is a high yielding, high risk and non-investment grade bond.

- (a) Serial bond. (b) Junk bond.
(c) Floating rate bond. (d) Both (a) Zero coupon bond.

3 _____ represent the closing price of a security over a period of time by straight line

- (a) Bar chart. (b) Candle stick Chart.
(c) Line chart. (d) Point and Figure chart.

4 An option which conveys the right to buy security is called _____.

- (a) Call option. (b) Put option.
(c) American option. (d) European option.

5 SEBI was established in the year :

- (a) 1989. (b) 1991.
(c) 1992. (d) 1995.

Turn over

(B) Fill in the blanks :

- 6 _____ is a person who is connected with a company and is reasonably expected to have access to unpublished price sensitive information.
- 7 Investment of fund in a variety of security for risk, reduction is called _____.
- 8 The formula for the computation of P/E ratio is _____.
- 9 _____ is a credit instrument issued by a company for raising long term credit.
- 10 _____ is the Bombay stock exchange index.

(10 × 1 = 10 marks)

Part II

Answer any eight questions.

Each question carries 2 marks.

11. What are the objectives of investments ?
12. What do you mean by real estate ?
13. Differentiate secured and unsecured debentures.
14. A company issued 12 % bonds with 3 years maturity . Bond is redeemable at par at Rs. 1,000. What would be the value of bond assuming that the interest rate payable annually ? The required rate of interest is 14 % p.a. (PVIFA (14 %,3) = 2.3216, PVIF (14 %,3) = 0.675.
15. What are the functions of derivative markets ?
16. What are the uses of P/E ratio ?
17. What do you mean by Swap ?
18. What is investors activism ?
19. What is strategic asset allocation ?
20. Explain any *two* features of equity shares.

(8 × 2 = 16 marks)

Part III

Answer any six questions.

Each question carries 4 marks.

21. Explain the steps in investment decision process.
22. What are the reasons for issuing bonds ?
23. Differentiate OTC derivatives and Exchange Traded derivatives.
24. What is fundamental analysis ?
25. Discuss Random Walk Theory.
26. Write a note on investor awareness.
27. What are the functions of security Ombudsman ?
28. Hotel Bharath paid a dividend of Rs. 4 per share . Dividends have been growing on annual rate of 8 % and this growth rate is expected to continue. What is the present value stock if the required rate of return is 14 %.

(6 × 4 = 24 marks)

Part IV

Answer any two questions.

Each question carries 15 marks.

29. Discuss the investors' grievance redressal system in India.
30. Illustrate the theory of Efficient Market Hypothesis.
31. Explain the various investment avenues available for investment in India.

(2 × 15 = 30 marks)

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(Pages : 3)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, MARCH 2020

(CUCBCSS—UG)

B.Com.

BCM 6B 15—FUNDAMENTALS OF INVESTMENT (FINANCE SPECIALISATION)

(2014 Admissions)

Time : Three Hours

Maximum ; 80 Marks

Answers may be written either in English or in Malayalam.

Part I

Answer all questions.

Each question carries 1 mark.

(A) Multiple Choice Questions :

1. The Sensex has _____.

(a) 25 Stocks.

(b) 30 Stocks.

(c) 33 Stocks.

(d) 35 Stocks.

2. Diversification reduces _____.

(a) Interest rate risk.

(b) Market risk.

(c) Unique risk.

(d) Inflation risk.

3. A highly liquid security is _____.

(a) Mutual fund investment.

(b) Treasury bill.

(c) Share.

(d) Commercial paper.

4. The rise of dividend taxes affects _____.

(a) Investor.

(b) The Corporate.

(c) The stock market.

(d) The financial institution.

5. An investor is having their portfolio with the combination of stock and bonds in the ratio of 75 : 25. He is _____.

(a) Risk averse.

(b) Risk neutral.

(c) A risk taker.

(d) Active in portfolio management.

Turn over

(B) Fill in the blanks :

6. S & P NSE 50 index is known as _____.
7. An investor can measure the return on bond in terms of _____.
8. _____ is affected by the leverage decisions of a firm.
9. Risk can be referred as the _____ in the return with respect to the expected return.
10. Sweat equity is _____.

(10 × 1 = 10 marks)

Part II

Answer any eight questions.

Each question carries 2 marks.

11. What are Market Indicators ?
12. What do you understand by standard deviation under risk measurement ?
13. The face value of a bond is Rs. 100 with a coupon rate of 9%. The market price of the bond is Rs. 90. What is the current yield ?
14. What do you mean by Stock Charts ?
15. What are Permitted Securities ?
16. What is Unsystematic Risk ?
17. What do you mean by Investment Environment ?
18. The annual dividend from a preference share is Rs. 5 and the required rate of return is 10%. What is it worth today ?
19. Who are the participants in the Financial Market ?
20. What is Yield to Maturity ? How it is calculated ?

(8 × 2 = 16 marks)

Part III

Answer any six questions.

Each question carries 4 marks.

21. Describe the facilities available in India for trading in Future Contracts.
22. Differentiate between Fundamental Analysis and Technical Analysis.
23. An investor purchases for Rs. 5,555 a zero coupon bond whose face value is Rs. 7,000 and maturity period is three years. Calculate the spot interest rate of the bond.
24. Describe the functions of Stock Exchanges.

25. Write a short note on Elliot Wave Theory.
26. A company paid a cash dividend of Rs. 4 per share on its stock during the current year. The earnings and dividends of the company are expected to grow at an annual rate of 8% indefinitely. Investors expect a rate of return of 14% on the company's shares. What is a fair price for this company's shares ?
27. Explain the weak form of the efficient market hypothesis. Describe the empirical tests used for testing the weak form efficiency.
28. What is the present value of bond with face value Rs. 1,000, coupon rate 8% and maturity period of 3 years and YTM 10% ?

(6 × 4 = 24 marks)

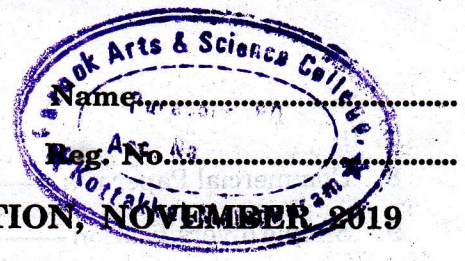
Part IV*Answer any two questions.**Each question carries 15 marks.*

29. Describe briefly the important investment avenues available to savers in India.
30. A stock costing Rs.120 pays no dividends. The possible prices that the stock might sell for at the end of the year with the respective probabilities as follows :

Price (Rs.)	Probability
115	0.1
120	0.1
125	0.2
130	0.3
135	0.2
140	0.1

- (a) Calculate the expected return.
- (b) Calculate the standard deviations of returns.
31. Discuss various factors that should be considered for industry analysis.

(2 × 15 = 30 marks)



FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2019

(CUCBCSS—UG)

B.Com.

BCM 5B 11—FINANCE SPECIALIZATION II—FUNDAMENTALS OF INVESTMENT

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I (Objective Questions)

Answer all questions.

Each question carries 1 mark.

Choose the correct answer :

1. Shares which are not affected by the market movements are known as :

(a) Offensive shares.	(b) Growth shares.
(c) Defensive shares.	(d) Income shares.
2. In order to construct an optimal portfolio, the securities are ranked based on their :

(a) Excess return to beta ratio.	(b) Risk return ratio.
(c) Co-variance.	(d) Beta.
3. Bonds with lower credit rating and high default risk are known as :

(a) Default bonds.	(b) High risk bonds.
(c) Junk bonds.	(d) Convertible bonds.
4. Markowitz model gives more importance to :

(a) Risk.	(b) Return.
(c) Allocation.	(d) Diversification.
5. A portfolio denotes :

(a) Group of assets.	(b) Group of stocks.
(c) Group of commodities.	(d) All the above.

Fill in the blanks :

6. The index of BSE is _____.
7. The regulatory body of capital market is _____.

Turn over

8. Commercial Paper is a _____ market instrument.
9. Simple diversification _____ risk.
10. IPF means _____.

(10 × 1 = 10 marks)

Part II*Answer any eight questions in two or three sentences.**Each question carries 2 marks.*

11. Define primary market.
12. What is speculation ?
13. What is discount rate ?
14. Who is risk averse investor ?
15. Name any three charts used in technical analysis.
16. What is right issue ?
17. Define Investment.
18. What is run test ?
19. What is industry analysis ?
20. What is coupon rate ?

(8 × 2 = 16 marks)

Part III*Answer any six questions in about 200 words.**Each question carries 4 marks.*

21. Write a note on : a) Equity risk, b) Currency risk, and c) purchasing power risk.
22. Explain multi-index model.
23. What are the advantages of credit rating to customers ?
24. What are the characteristics of real estate investments ?
25. What are the different types of bonds ?
26. Explain dividend capitalisation model.
27. What are the uses of indices ?
28. Differentiate between fundamentals and technical analysis.

(6 × 4 = 24 marks)

Part IV (Essay Questions)

Answer any two questions in about 800 words.

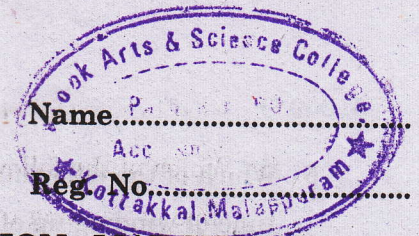
Each question carries 15 marks.

29. Explain the efficient market hypothesis in strong form, semi strong form and weak form.
30. What are the functions of SEBI and discuss the role of SEBI in investor protection.
31. What is investment, what are the objectives end explain the process of investment ?

(2 × 15 = 30 marks)

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(Pages : 4)



SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2019

(CUCBCSS)

B.Com.

BCM 6B 15—FUNDAMENTALS OF INVESTMENT

(Finance Specialisation)

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam.

Part I

Answer all questions.

Each question carries 1 mark.

(A) Multiple Choice Questions :

- 1 Which of the following financial market is dealing in short term funds ?
 - (a) Money Market.
 - (b) Capital Market.
 - (c) Commodity Market.
 - (d) None of the above.
- 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 of the following is the most common method of using employees as a source of equity financing ?
 - (a) IPO.
 - (b) EPSO.
 - (c) ESOP.
 - (d) None of the above.

Turn over

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 IPO stands for _____.
- 7 Which is the apex body of stock market in India ?
- 8 _____ was the father of technical analysis.
- 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 Portfolio ?
- 12 What is Systematic Risk ?
- 13 State the difference between "Top-down" and "Bottom-up" forecasting approach ?
- 14 What is Candlestick chart ?
- 15 What is Short Selling ?
- 16 Define Investment.
- 17 Assume Mr. John investing in Y Ltd. The correlation co-efficient between the company's risk and the return on the market is 0.875. The standard deviation of the return on the stock is 20.42. The standard deviation of the returns on the market is 14.84. Calculate the beta value.
- 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. 320 and the holder receives a dividend of Rs. 30 per share, calculate the rate of return.

(8 × 2 = 16 marks)

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

21. Briefly discuss the factors that should be considered for portfolio selection ?
22. Stock Y and Z have the following parameters :

		<i>Stock Y</i>	<i>Stock Z</i>
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 The details of two portfolios M and N is given in the table below :

<i>Fund</i>		<i>Return</i>	<i>Beta</i>	<i>Rr</i>
M	...	30	0.4	15
N	...	30	0.8	15

Evaluate which portfolio performs better ?

- 27 What are the benefits of investment ?
- 28 Write a short note on NSE.

(6 × 4 = 24 marks)

Turn over

Part IV

Answer any **two** questions.

Each question carries 15 marks.

29 Explain the steps in buying and selling of shares ?

30 Stock H and M have the following returns for the past two years :

Stocks	Returns (%)	
	2009	2010
H ...	12	18
M ...	14	12

(a) What is the expected return on portfolio made up of 60 % of H and 40 % of M ?

(b) Find out standard deviation of each stock.

(c) What is Co-variance and Co-efficient of correlation between stock H and M ?

31 What is Fundamental Analysis? State the important tools of Fundamental Analysis.

(2 × 15 = 30 marks)

D 40010

(Pages : 3)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH/APRIL 2018

(CUCBCSS—UG)

BCM 6B 15—FUNDAMENTALS OF INVESTMENT

Time : Three Hours

Maximum : 80 Marks

Part I

Answer all questions.

Each question carries 1 mark.

(A) Multiple Choice Questions :

1. Inflation risk is also known as _____.
 - (a) Market risk.
 - (b) Interest rate.
 - (c) Purchasing power.
 - (d) Regulation risk.
2. Which of the following is a price at which investor willing to sell?
 - (a) Bid Price.
 - (b) Ask price.
 - (c) Auction price.
 - (d) None of the above.
3. Which of the following financial Market is dealing in long term funds ?
 - (a) Money Market.
 - (b) Capital Market.
 - (c) Commodity Market.
 - (d) None of the above.
4. Which of the following contracts are standardised and traded in stock exchanges ?
 - (a) Forward contract.
 - (b) Future contract.
 - (c) Option.
 - (d) None of the above.
5. Which of the following bonds are issued at discount and repaid at face value ?
 - (a) Convertible bond.
 - (b) Zero coupon bond.
 - (c) Foreign bond.
 - (d) Junk bond.

(B) Fill in the blank :

6. CAPM stands for _____.
7. _____ is an apex body of the asset management companies.
8. Public debt Market is also known as _____.

Turn over

9. BSE established in the Year _____.
10. A _____ is a collection of securities.

(10 × 1 = 10 marks)

Part II

Answer any eight questions.

Each question carries 2 marks.

11. What do you mean by Swap ?
12. What is Dividend Payout ratio ?
13. What is Market risk ?
14. What are the financial investments ?
15. What do you mean by Credit Rating ?
16. If the price of a share at the end was Rs. 280 and the holder received a dividend of Rs.25 per share. Calculate the rate of return.
17. What do you mean by Speculation ?
18. What is Trend ?
19. Define Expected Return.
20. Mr. A considering investing in V Ltd. The correlation co-efficient between the company's market risk and return is 0.876. The standard deviation of the return on the stock is 18.68. The standard deviation of the returns on the Market is 10.11. Calculate the beta value.

(8 × 2 = 16 marks)

Part III

Answer any six questions.

Each question carries 4 marks.

21. Define investment. Explain the objectives of investment.
22. What are the factors to be considered for economic analysis ?
23. An investor would like to get a dividend of 25 paisa 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 15% what will be the present value of this share ?
24. Mention the differences between forward contract and future contract.
25. Explain the important types of Bonds.
26. Discuss Random Walk theory.

27. The details of two portfolios A and B is given in the table below :

Fund	Return	Beta	Rs.
A	30	0.8	10
B	34	1.0	10

Evaluate which portfolio performs better.

28. An investment provides a return of 10%, 20%, 30% and 40% with probabilities of 25%, 30%, 15% and 30%. Calculate expected return.

(6 x 4 = 24 marks)

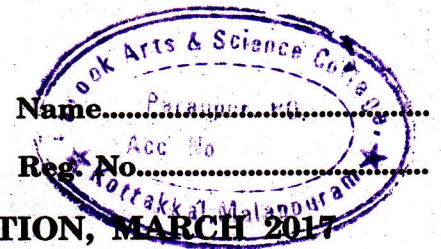
Part IV

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

29. What is the role of SEBI for investor's protection in India ?
30. Briefly explain Portfolio Management process ?
31. The return and the probability distribution of investment in two companies A and B are given below. Calculate expected return and standard deviation of both of these companies and comment on it.

Company A		Company B	
Return	Probability	Return	Probability
6	0.10	4	0.10
7	0.25	6	0.20
8	0.30	8	0.40
9	0.25	10	0.20
10	0.10	12	0.10

(2 x 15 = 30 marks)

**SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH 2017**

(CUCBCSS—UG)

BCM 6B 15—FUNDAMENTALS OF INVESTMENT

Time : Three Hours

Maximum : 80 Marks

*Answers may be written either in English or in Malayalam.***Part I***Answer all questions.**Each question carries 1 mark.***(A) Multiple Choice Questions :**

- 1 Sacrifice of certain present value for some uncertain future values is called :
(A) Investment. (B) Savings.
(C) Inflation. (D) Business Risk.
- 2 'The Intelligent Investor' is written by :
(A) Anthony Saunders. (B) Philip Kotler.
(C) Benjamin Graham. (D) Henry Fayol.
- 3 An investment avenue wherein the investor gets predictable returns at set intervals of time is called :
(A) Fixed Income Securities. (B) Equity Shares.
(C) Mutual Funds. (D) None of the above.
- 4 Measurement of systematic risk is :
(A) Beta. (B) Standard Deviation.
(C) Variance. (D) Nifty.
- 5 A grade given to bonds that indicates their :
(A) Security. (B) Maturity.
(C) Interest Rate. (D) Credit Quality.

(B) Fill in the blanks :

- 6 The current yield on a bond is the annual interest due on it divided by its _____.
- 7 CPI-IW stands for _____.

Turn over

- 8 _____ implies that all known information is immediately discounted and reflected in share prices.
- 9 A _____ is a collection of securities.
- 10 Indian money market is regulated by _____ .

(10 × 1 = 10 marks)

Part II

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

- 11 What do you mean by business risk ?
- 12 What do you mean by financial investment ?
- 13 What is the return on a stock according to the security market line if the risk free rate is 6%, the return on the market is 10%, and the stock's beta is 1.5 ?
- 14 An investor is considering the purchase of the following debenture :
- Maturity—3 years, Coupon rate —11%, Par Value Rs. 100
- If the investor requires a YTM of 13% on debentures of equivalent risk and maturity, what does he believe is a fair market price ?
- 15 Who are the parties involved in a bond indenture ?
- 16 What do you mean by bar chart ?
- 17 What is weak form of efficiency ?
- 18 What are the commonly used financial instruments in derivative markets ?
- 19 What do you mean by portfolio analysis ?
- 20 What do you mean by insider trading ?

(8 × 2 = 16 marks)

Part III

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

- 21 Narendran bought 100 shares of Ajanta Enterprises at Rs. 100 per share. He held the shares for 3 years and sold at Rs. 160 per share. The company paid Rs. 2.50 dividend per share in each of the three years. What total return did Narendran earn from his investment ?
- 22 Write a note on Dow theory.

- 23 Mr. X has invested in XYZ Chemicals. The capitalization rate of the company is 15% and the current dividend is Rs. 2 per share. Calculate the value of the company's equity share if the company is slowly sinking with an annual decline rate of 5% in the dividend.
- 24 Discuss Efficient Market Hypothesis.
- 25 Firms A, B and C are similar. Firm A is the most progressive and trades at a P/E ratio of 18. Firm B is less progressive, is not publicly traded, and has EPS of Rs. 1.20. Firm C is the least progressive and trades at a P/E ratio of 15. What is the intrinsic value of firm B as per P/E method ?
- 26 What are the basic principles of technical analysis ?
- 27 Explain the features of forward contracts.
- 28 Discuss the functions of SEBI.

(6 × 4 = 24 marks)

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

- 29 Explain the features of an investment programme.
- 30 A stock that pays no dividends is currently selling at Rs. 100. The possible prices for which the stock might sell at the end of one year, with associated probabilities are :

End-of-year Price (Rs.)	Probability
90	0.1
100	0.2
110	0.4
120	0.2
130	0.1

- (a) Calculate the expected rate of return by year-end.
- (b) Calculate the standard deviation of the expected rate of return.
- 31 Discuss the procedure of industry analysis.

(2 × 15 = 30 marks)

C1722

(Pages : 3)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH/APRIL 2016

(UG—CCSS)

Core Course

BC 6B 15—FUNDAMENTALS OF INVESTMENTS

Time : Three Hours

Maximum : 30 Weightage

Part A

*This part consists of questions carrying equal weightage of $\frac{1}{4}$.
Each question consists of **four** objective type questions.
Answer **all** questions.*

A. Fill in the blanks :

- 1 _____ risk is that portion of total risk that is unique to a firm.
- 2 According to the Dow Theory, daily fluctuations and secondary movements in the stock market are used to identify the _____ trend.
- 3 A right to sell without an obligation to sell is a _____ option.
- 4 _____ is the index of Bombay Stock Exchange.

B. Choose the correct answer from the given options :

- 5 A tradable instrument with detachable warrant against which the holder gets equity shares after a fixed period of time :
(a) Deep discount bonds. (b) Secured premium notes.
- 6 Listing of securities is done by :
(a) Stock Exchanges. (b) SEBI.
- 7 Credit rating is assigned to :
(a) A specific instrument issued by a company.
(b) A Company.
- 8 A risk which can be reduced by proper diversification is :
(a) Systematic risk. (b) Unsystematic risk.

C. Answer the following questions in one word :

- 9 What is the pre-fixed price at which an option is exercisable ?
- 10 What is the name of the ratio of market price per share to earnings per share ?

Turn over

- 11 How many movements are tracked by Dow Theory in the capital market ?
- 12 If a Director of a company uses unpublished price sensitive information for making profit from the market, it is :

(12 × ¼ = 3 weightage)

Part B

*Answer all **nine** questions in one or two sentences each.
Each question carries a weightage of 1.*

- 13 What do you understand by dividend cover ?
- 14 State the advance decline theory of technical analysis.
- 15 What do you mean by price band in a book building process ?
- 16 Define an option contract.
- 17 What do you mean by credit rating ?
- 18 What is default risk in the case of a bond ?
- 19 Define an efficient market.
- 20 State Markowitz theorem.
- 21 What is portfolio diversification ?

(9 × 1 = 9 weightage)

Part C

*Answer any **five** questions.
Each question carries a weightage of 2.*

- 22 How do you calculate value of a share under earning yield method ?
- 23 Briefly explain the various uses of forward contracts.
- 24 Explain the concept market portfolio.
- 25 Differentiate between futures and forwards.
- 26 Compute the profit/loss made by a put option holder from the following particulars :
Strike price Rs. 120.
Lot size 2000.
Premium paid for buying the option Rs. 5.
Market price of the underlying instrument as on the date of settlement Rs. 90.
- 27 K Ltd.'s shares gives a return of 20 % and L Ltd.'s shares gives 32 % return. If you have invested 25 % of your money available for investment in K Ltd. and remaining 75 % in L Ltd., what would be the expected return of the portfolio ?

- 28 XIL Ltd. is a company having its shares quoted in a major stock exchange. It has paid a dividend of Rs. 2 during the last year, which is expected to grow at the rate of 8 % in the future. If the company's cost of equity capital is 16 %, calculate value of equity share of XIL Ltd.

(5 × 2 = 10 weightage)

Part D

Answer any two questions.

Each question carries a weightage of 4.

- 29 Describe the major macro-economic factors affecting the performance of securities.
- 30 Explain the role played by SEBI in regulating the capital markets in India.
- 31 Discuss about the various functions performed by Securities Markets.

(2 × 4 = 8 weightage)

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(Pages : 3)

Name.....

Reg. No.....

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH/APRIL 2015

(U.G.—CCSS)

Core Course

BC 6B 15—FUNDAMENTALS OF INVESTMENTS

Time : Three Hours

Maximum : 30 Weightage

Part A

This part contains *three* bunches of questions carrying equal weightage. Each bunch has four questions. Answer *all* twelve questions.

A. Fill in the blanks :

- 1 _____ refers to the possibility of incurring loss in a financial transaction.
- 2 _____ is the oldest mutual fund in India.
- 3 The _____ phase of economic cycle is characterised by high demand.
- 4 Determining the expected return and risk of different port folios is known as _____.

B. Choose the correct answer from the bracket :

- 5 The risk unique to a firm or industry is :
(a) Systematic risk. (b) Unsystematic risk.
- 6 The bond which have a face value and the discounted value as the issue price is _____.
(a) Foreign bond. (b) Deep discount bonds.
- 7 Economic value added is a measure of _____.
(a) Profitability. (b) Liquidity.
- 8 Registration of brokers is _____.
(a) Optional. (b) Compulsory.

C. Answer in *one word* :

- 9 Name the body which manages the funds of a mutual fund.
- 10 Name the person who developed the Dow theory.
- 11 The return the bond holder get if the bond is held till maturity is _____.
- 12 The bonds issued by an organisation with different maturity dates are _____.

(12 × ¼ = 3 weightage)

Turn over

Part B

Answer all nine questions in one or two sentences each.

Each question carries a weightage of 1.

- 13 What is systematic risk ?
- 14 What is arbitrage ?
- 15 What is coupon rate ?
- 16 What is fundamental analysis ?
- 17 What is SEBI ?
- 18 What is a derivative ?
- 19 What is port folio selection ?
- 20 What are the *two* types of risks associated with investment in bonds ?
- 21 What is intrinsic value of a share ?

(9 × 1 = 9 weightage)

Part C

Answer any five questions. Answer not to exceed one page each.

Each question carries a weightage of 2.

- 22 Explain the features of an investment programme.
- 23 A person owns a Rs. 1,000 face value bond with *five* years to maturity. The bond makes annual interest payments of Rs. 80. The bond is currently priced at Rs. 960. Given that the market interest rate is 10 per cent, should the investor hold or sell the bond.
- 24 Explain the different types of bonds.
- 25 What are the various market segments of National Stock Exchange ?
- 26 What are the important types of stock market indices used in practice ?
- 27 Write a note on EPS and P/E ratio.
- 28 What are the limitations of technical analysis ?

(5 × 2 = 10 weightage)

Part D

Answer any two questions. Each question carries a weightage of 4.

- 29 What are the various steps SEBI has taken recently to reform the Indian capital market ?
- 30 What is a stock exchange ? Discuss the functions of stock exchanges.
- 31 What are the various ratios relevant for equity shareholders ?

(2 × 4 = 8 weightage)

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(Pages : 2)

Name.....
Reg. No.....
Acc. No.....
Malappuram

**SIXTH SEMESTER B.Com. DEGREE (UG-CCSS) EXAMINATION
MARCH/APRIL 2015**

(SDE)

Core Course

BC 6B 15(F)—FUNDAMENTALS OF INVESTMENTS

Time : Two Hours and Forty-five Minutes

Maximum : 27 Weightage

Answer only in English.

Part B

Section A

I. Answer *all* nine questions. Each question carries a weightage of 1 :

- 1 What are primary trends ? State its phases.
- 2 What are support and resistance levels ?
- 3 What do you mean by Portfolio Management ?
- 4 What is meant by intrinsic value of securities ?
- 5 Explain "Yield to Maturity".
- 6 What is Capital Asset pricing model ?
- 7 Define "Diversifiable Risk".
- 8 Define Options contract.
- 9 What is Market lot ? How is it different from odd lot ?

(9 × 1 = 9 weightage)

Section B

II. Answer any *five* questions. Each question carries a weightage of 2 :

- 10 Explain briefly the process involved in an investment programme.
- 11 What is Technical Analysis ? State its assumptions.
- 12 Describe the requirements of listing of securities in a stock exchange.
- 13 Discuss briefly the Efficient Market Hypothesis.
- 14 Explain briefly the objectives of Portfolio Management.
- 15 The return on ABC stock is 10 percent, when the risk free rate of return is 6 percent and market return is 12 percent. If the risk associated with the company, measured by beta is 1.3, determine the expected return of ABC stock and state whether it is advisable to invest in it or not.

Turn over

- 16 The details of two funds A and B are given in the table below. Evaluate which fund performs better. (Use Treynov measure).

<i>Fund</i>	<i>Return %</i>	<i>Beta</i> (β)	<i>Risk free</i> <i>return % (RF)</i>
A ...	25	0.5	15
B ...	22	1.0	15

(5 × 2 = 10 weightage)

Section C

- III. Answer any *two* questions in not more than *four* pages. Each question carries a weightage of 4 :

- 17 Discuss the SEBI Regulations related to the primary market.
- 18 What do you mean by fundamental analysis? Discuss the various steps involved in fundamental analysis.
- 19 The below given information related to two Stocks X and Y :

<i>Year</i>	<i>Return %</i>	
	X	Y
2010 ...	12	14
2011 ...	18	12

Coefficient of correlation.

- (i) What is the expected return on portfolio made up of 60% of X and 40% of Y?
- (ii) Find the standard deviation of each stock.
- (iii) What is the portfolio risk of a portfolio made up of 60 % of X and 40 % of Y.

(2 × 4 = 8 weightage)

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, MARCH/APRIL 2018**(CUCBCSS—UG)****BCM 6B 15—FUNDAMENTALS OF INVESTMENT****Time : Three Hours****Maximum : 80 Marks****Part I***Answer all questions.**Each question carries 1 mark.***(A) Multiple Choice Questions :**

1. Inflation risk is also known as _____.
 - (a) Market risk.
 - (b) Interest rate.
 - (c) Purchasing power.
 - (d) Regulation risk.
2. Which of the following is a price at which investor willing to sell?
 - (a) Bid Price.
 - (b) Ask price.
 - (c) Auction price.
 - (d) None of the above.
3. Which of the following financial Market is dealing in long term funds ?
 - (a) Money Market.
 - (b) Capital Market.
 - (c) Commodity Market.
 - (d) None of the above.
4. Which of the following contracts are standardised and traded in stock exchanges ?
 - (a) Forward contract.
 - (b) Future contract.
 - (c) Option.
 - (d) None of the above.
5. Which of the following bonds are issued at discount and repaid at face value ?
 - (a) Convertible bond.
 - (b) Zero coupon bond.
 - (c) Foreign bond.
 - (d) Junk bond.

(B) Fill in the blank :

6. CAPM stands for _____.
7. _____ is an apex body of the asset management companies.
8. Public debt Market is also known as _____.

Turn over

9. BSE established in the Year _____.
10. A _____ is a collection of securities.

(10 × 1 = 10 marks)

Part II

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

11. What do you mean by Swap ?
12. What is Dividend Payout ratio ?
13. What is Market risk ?
14. What are the financial investments ?
15. What do you mean by Credit Rating ?
16. If the price of a share at the end was Rs. 280 and the holder received a dividend of Rs.25 per share. Calculate the rate of return.
17. What do you mean by Speculation ?
18. What is Trend ?
19. Define Expected Return.
20. Mr. A considering investing in V Ltd. The correlation co-efficient between the company's market risk and return is 0.876. The standard deviation of the return on the stock is 18.68. The standard deviation of the returns on the Market is 10.11. Calculate the beta value.

(8 × 2 = 16 marks)

Part III

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

21. Define investment. Explain the objectives of investment.
22. What are the factors to be considered for economic analysis ?
23. An investor would like to get a dividend of 25 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 15% what will be the present value of this share ?
24. Mention the differences between forward contract and future contract.
25. Explain the important types of Bonds.
26. Discuss Random Walk theory.

27. The details of two portfolios A and B is given in the table below :

Fund	Return	Beta	Rs.
A	30	0.8	10
B	34	1.0	10

Evaluate which portfolio performs better.

28. An investment provides a return of 10%, 20%, 30% and 40% with probabilities of 25%, 30%, 15% and 30%. Calculate expected return.

(6 x 4 = 24 marks)

Part IV

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

29. What is the role of SEBI for investor's protection in India ?
30. Briefly explain Portfolio Management process ?
31. The return and the probability distribution of investment in two companies A and B are given below. Calculate expected return and standard deviation of both of these companies and comment on it.

Company A		Company B	
Return	Probability	Return	Probability
6	0.10	4	0.10
7	0.25	6	0.20
8	0.30	8	0.40
9	0.25	10	0.20
10	0.10	12	0.10

(2 x 15 = 30 marks)