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Name.....

Reg. No.....

**FIFTH SEMESTER U.G. DEGREE EXAMINATION, NOVEMBER 2021**

(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 :

- HDFC Ltd. is issuing a bond on its housing loan portfolio. Which type of bond it is ?
  - Government Bond.
  - Corporate Bond.
  - Mortgage Bond.
  - Portfolio Bond.
- The year in which SEBI became an autonomous body on 30<sup>th</sup> January :
  - 1989.
  - 1988.
  - 1992.
  - 1991.
- The Dow theory operates on :
  - Market Charts.
  - Efficient Markets Hypothesis.
  - Random Walk.
  - Market Equilibrium.
- In investment management 'SIP' means what ?
  - Systematic Investment Plan.
  - Share Information Plan
  - Share Investment Plan.
  - Secured Investment Plan.
- Unsystematic risk is otherwise known as :
  - Un-Diversifiable Risk.
  - Empirical Risk.
  - Market Risk.
  - Unexplained Risk.

Turn over

Fill in the blanks :

6. In Sharpe model, \_\_\_\_\_ is the formula to calculate excess return on a security.
7. PE ratio multiple can be used as fundamental determinants for \_\_\_\_\_.
8. The company that have highest representation in NSE nifty 50 index is \_\_\_\_\_.
9. SEBI Prohibition of insider trading regulations came into force in the year \_\_\_\_\_.
10. In portfolio analysis, market beta is assumed to be \_\_\_\_\_.

(10 × 1 = 10 marks)

### Part II

Answer any **eight** questions in two or three sentences.

Each question carries 2 marks.

11. What Is the PEG Ratio ?
12. Define the term 'efficient portfolio'.
13. What are the different types of issues in a primary capital market ?
14. What are the different sources of financial information ?
15. Give the difference between investment and speculation
16. Write a note on Technical analysis.
17. As per SEBI who is an "insider"?
18. What do you mean by Active Portfolio Management?
19. Define the term 'Portfolio' in investment management.
20. If an investor buys a stock for Rs. 10 and expects to earn a dividend of Rs. 0.66 and to sell it for Rs. 12, calculate the expected return.

(8 × 2 = 16 marks)

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**Part III**

Answer any six questions in about 200 words.

Each question carries 4 marks.

21. Determine the Beta of the portfolio ( $B_p$ ) consisting of securities A, B and C in the ratio 2 : 1 : 2 and with individual beta 1.76, 0.85 and 1.5 respectively.
22. What is credit rating ? How it helps an investor ?
23. Explain : Risk, Return and Risk-Return Tradeoff.
24. Mr. Rajesh is considering investing in a Bond with 4 year maturity, trading at Rs. 9050.75 ; On maturity it will be discounted at face value Rs. 10,000. The coupon rate is 8 % while the market rate of same risk class instruments are 10 %. Advice Mr. Rajesh in this regard, assuming annual interest payment will be after one year from today. What if it is redeemed at 5 % premium ?
25. Explain the importance of 'Efficient Market Hypothesis' in investment.
26. What do you understand by an 'Investment Policy Statement' ? What is its use ?
27. Explain various sources of risk.
28. Explain various investment attributes considered before investing in a particular investment.

(6 × 4 = 24 marks)

**Part IV (Essay Questions)**

Answer any two questions in about 800 words.

Each question carries 15 marks.

29. Calculate expected return for the given below portfolio :

Share Name	Number of Shares	Current price	Expected year end price
A	100	50	65
B	150	30	40
C	75	20	25
D	100	25	32
E	125	40	47

Turn over