

C 80007

(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)