C 20465   (Pages : 3)   Name..

Reg. No......................................

SIXTH SEMESTER U.G. DEGREE EXAMINATION, MARCH 2022

(CBCSS—UG)

B.Com.

BCM 6B 14—FUNDAMENTALS OF INVESTMENTS (FINANCE SPECIALISATION)

(2019 Admissions)

Time : Two Hours and a Half   Maximum : 80 Marks

Section A

Answer at least **ten** *questions.*
Each question carries 3 marks.
All questions can be attended.
Overall Ceiling 30.

1. What is Fixed Income Securities ?

2. What is Portfolio Analysis ?

3. What is Fundamental analysis ?

4. What do you mean by Candle Stick ?

5. What is Dividend Yield method ?

6. What is financial System ?

7. What is leading and lagging indicators ?

8. What is NIFTY index ?

9. Difference between primary market and Secondary Markets.

10. What is Insider trading ?

11. Distinguish Bonds and Shares.

12. What is Systematic risk ?

13. What is Yield to maturity (YTM) ?

14. What is risk in Investment ?

15. What is P/E ratio ?

$(10 \times 3 = 30 \text{ marks})$

Turn over

Section B

Answer at least **five** *questions.*
Each question carries 6 *marks.*
All questions can be attended.
Overall Ceiling 30.

16. What are the risks of investing in a bond ?

17. Discuss the steps in the investment decision process.

18. Explain EIC analysis.

19. What is Securitisation of debt ?

20. Stock A and B generate the following sets of returns, standard deviations and correlation co-efficient :

	A	B
Return	20%	30%
SD	15	30

Correlation co-efficient of A and B 0.60

A portfolio constructed with 40% of funds invested in A and the remaining 60% in B. Calculate SD of the portfolio.

21. What are Shares ? Explain the merits and demerits of different types of shares.

22. Given the following example find out the expected risk of the portfolio :

Security	Expected return (%)	Proportion of investment	SD
ACC	10	40	0.2
DCM	15	60	0.3

Correlation co-efficient between these two securities is 0.5.

23. An investor owns the share of a company whose current cash dividend is Rs. 3. The constant growth rate of dividend is 16% per year and the required rate of return is 20%. What is the value of the share of the company.

(5 × 6 = 30 marks)

Section C

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

24. Explain the principles of technical analysis.

25. What are the functions of SEBI as an investment protector ?

26. What is Portfolio diversification ? Explain the need for portfolio diversification.

27. Rohan Ltd has declared dividends during the past 5 years as follows :

Year	:	2016	2017	2018	2019	2020
Rate of dividend %	:	13	12	15	11	16

The ARR prevailing in the same industry is 13%. Calculate the value per share of Rs.10 of Rohan Ltd. based on the dividend yield method.

(2 × 10 = 20 marks)