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Name.....

Reg. No.....

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**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 × 3 = 30 marks)

**Turn over**

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**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)