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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. Inorder 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)