SIXTH SEMESTER B.Com. DEGREE EXAMINATION
MARCH 2014
(UG–CCSS)
Core Course (Specialisation)
BC 6B 15 – FUNDAMENTALS OF INVESTMENTS
Name : Three Hours
Maximum : 30 Weightage

Part A
This part consists of three bunches of questions carrying equal weightage of 1.
Each bunch consists of four objective type questions.
Answer all questions.

A. Fill in the blanks:
1. Membership in OTCEI is given to ________.
2. BSE Sensex is computed by compiling share prices of ________ companies.
3. Nominal rate of interest printed on bond certificate is called as ________.
4. The ________ phase of the economic cycle is characterized by high demand.

B. Choose the correct answer from the bracket:
5. The percentage yield that will be earned on the bonds from purchase date to maturity date is called as:
   (a) Holding Period Yield.  (b) Yield to Maturity.
6. The option to sell is called as:
   (a) Call option.  (b) Put option.
7. Dow Theory is associated with:
   (a) Technical analysis.  (b) Fundamental analysis.
8. Money market provides a channel for the exchange of:
   (a) Fixed assets.  (b) Financial assets.

C. Answer in one word:
9. What is the term used for the collection of securities with different characteristics?
10. What do you call the risk associated with change in return of a security in tune with change in interest rate?
   Turn over
11. Name the bonds on which the payment of interest is mandatory only to the extend of current earnings.

12. Name the agreement to buy or sell an asset at a certain time in future for a certain price. (12 x 1/4 = 3 weightage)

**Part B**

*Answer all nine questions in one or two sentences each.*

*Each question carries a weightage of 1.*

13. What is YTM?

14. What is efficient market hypothesis?

15. Explain the meaning of fundamental analysis.

16. What do you mean by Book Building?

17. What is industry analysis?

18. Explain Random Walk theory.

19. What is a financial derivative?


21. What are the different types of options? (9 x 1 = 9 weightage)

**Part C**

*Answer any five questions.*

*Each question carries a weightage of 2.*

22. Explain the Elliot Wave Theory.

23. Explain briefly the concept of “Industry life Cycle”.

24. What are the factors influencing investment decisions?

25. Find the duration of a 6 per cent coupon bond with a face value of Rs. 1,000, making annual interest payments, if it has 5 years until maturity. The bond is redeemable at 5 per cent premium at maturity. The market interest rates is currently 8 per cent.

26. Explain briefly approach to security analysis by the “Technical Analysis”.

27. (a) Analyse the term current yield (with equation).

(b) If a bond of face value Rs. 100 and a coupon rate of 12 per cent, is selling for Rs. 800, what is the current yield of the bond? (Express in per cent).
28. Hilton Ltd. has a 14 per cent debenture with a face value of Rs. 100 that matures at par in 15 years. The debenture is callable in five years at Rs 114. It currently sells for Rs. 105. Calculate each of the following for this debenture:

(a) Yield to call.
(b) Current yield.
(c) Yield to maturity.

(5 x 2 = 10 weightage)

Part D

Answer any two questions.
Each question carries a weightage of 4.

29. What are secondary markets? Discuss the main functions of stock exchanges.

30. Explain the aims and objectives of setting up of SEBI.

31. What are financial derivatives? Briefly explain the various financial derivatives instruments traded on organized exchanges.

(2 x 4 = 8 weightage)