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D6BCM2203 **Reg. No.............................**

Name: ....

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2025

(Regular/Improvement/Supplementary)

FINANCE

GBCM6B16T: FUNDAMENTALS OF INVESTMENTS

Time: 2 ½ Hours **Maximum Marks: 80**

SECTION A: Answer the following questions. Each carries *two* marks.
(Ceiling 25 marks)

1. How you will value irredeemable bonds?
2. Write a note on Markowitz model of portfolio theory.
3. Comment on Repo instrument.
4. What do you mean by SCORES?
5. Give an account on efficient frontier.
6. What is feasible set of portfolio?
7. What is single period valuation model of dividend capitalization?
8. What is dividend pay-out ratio?
9. State Random walk theory.
10. What do you mean by financial intermediary?
11. Differentiate between income and capital appreciation.
12. Mention the regulation risk involved in investment.
13. What do you mean by ABC correction?
14. Comment on portfolio management.
15. Define investor.

SECTION B: Answer the following questions. Each carries *five* marks.
(Ceiling 35 marks)

16. Differentiate between shares and debentures.
17. Explain important investor protection strategies followed by SEBI.
18. Discuss the differences between commercial paper and certificate of deposit.

(PTO)

19. Calculate the expected return and standard deviation of returns for a stock having the following probability distribution of returns.

Possible return (%)	Probability of occurrence
-25	0.05
-10	0.10
0	0.10
15	0.15
20	0.25
30	0.20
35	0.15

20. X Ltd. has declared dividend during the past five years as follows:

Year	2020	2021	2022	2023	2024
Rate of dividend %	13	12	15	11	16

The average rate of return prevailing in the same industry is 13%. Calculate the value per share of Rs 10 based on dividend yield method.

21. 'Efficient capital market mean that security prices fully reflect all information' Discuss.
22. What are the mathematical indicators in technical analysis?
23. Discuss the advantages of investor activism.

SECTION C: Answer any *two* questions. Each carries *ten* marks.

24. A stock costing Rs 130 pays no dividends. The possible prices that the stock might sell for at the end of the year with respective probabilities are:

Possible return	Probability
120	0.1
130	0.1
140	0.2
150	0.3
160	0.2
170	0.1

Compute the expected return and its standard deviation.

25. Hilton limited has a 14% debenture with a face value of Rs. 100 that matures at par in 15 years. The debenture is callable in 5 years at Rs. 114. It currently sells for Rs. 105. Calculate:

a) Current yield.

b) Yield to call.

c) Yield to maturity.

26. Illustrate and explain EIC framework of fundamental analysis.

27. The rate of return and its probabilities of occurrence of two stock X and Y are given below:

Year	Return on stock X	Return on stock Y
2021	14	12
2022	16	18
2023	18	15

a) Find out the expected rate of return on portfolio made up of 40% of X and 60% of Y.

b) What is the standard deviation of each stock?

c) Determine the coefficient of correlation of stock X and stock Y.

d) What is the portfolio risk if the proportion changes to 60% of X and 40% of Y?

(2 x 10 = 20 Marks)