

END SEMESTER EXAMINATION

Fundamentals of Investment: CMFI0102

Total Marks: 100

Duration: 3 hrs

1. Answer the following questions:

[1X10=10]

- i. Listed companies can be valued at [CO5]
 - a) Book Value
 - b) Market Value
 - c) Salvage Value
 - d) Liquidation Value
- ii. Unlisted company can be valued at [CO1]
 - a) Net Asset Method
 - b) Market Value Method
 - c) Both i and ii
 - d) None of the above.
- iii. What is the value of the firm usually based on? [CO2]
 - a) The value of debt and equity
 - b) The value of equity
 - c) The value of debt
 - d) The value of assets plus liabilities.
- iv. Corporate wealth maximization is the value maximization for ____ [CO2]
 - a) Equity Shareholders
 - b) Stakeholders
 - c) Employees
 - d) Debt capital owners.
- v. An investor has a relatively ____ planning horizon. (longer/shorter). [CO1]
- vi. Equity shares are ____ term financing sources for any company. (long /short). [CO4]
- vii. Over-the-counter (OTC) market is a decentralized market. (True/False) [CO4]
- viii. A Commercial paper is a short-term unsecured money market instrument. (True/False). [CO1]
- ix. SEBI was first established in 1988 as a non-statutory body. (True/False). [CO5]
- x. As inflation increases, the purchasing power increases. (True/False). [CO2]

2. Answer briefly any five of the following questions: [3X5=15]

- i. Point out the distinction between Speculation and Investment. [CO1]
- ii. Briefly discuss the characteristics of bonds. [CO2]
- iii. Write a short note on SEBI. [CO5]
- iv. Discuss the concept of risk. [CO2,4]
- v. What do you understand by Fundamental Analysis? [CO3]
- vi. What do you understand by inflation? Briefly explain the types of Inflation. [CO1]

3. Answer any five from the following questions: [7X5=35]

- i. Discuss the consequences of taxes and inflation on the Indian Economy. [CO6]
- ii. Explain the steps in Investment Process. [CO1]
- iii. What do you mean by return on investment? What is rate of return? [CO2]
Consider the following information about certain equity shares – Price at the beginning of the year Rs 60, Dividend paid towards the end of the year Rs 2.40, the price at the end of the year Rs 66. Calculate the rate of return on the share.
- iv. Elaborate the technical indicators to gauge the overall market situation. [CO3]
- v. What do you understand by insider trading with the help of real-life example? Briefly explain the consequences of insider trading. [CO5]
- vi. What are the types of bond risks? Explain in brief. [CO4]

4. Answer any four from the following questions: [10X4=40]

- i. Discuss the money market instruments. [CO1]
- ii. Evaluate the different investment options available for an investor. [CO6]
- iii. Explain the different types of bonds. [CO2]
- iv. What is an Efficient Market? What are the foundations for market efficiency? Explain in brief the forms of efficient market hypothesis. [CO3]
- v. Discuss the powers and functions of SEBI. [CO5]
- vi. Discuss the different types of Insurance products. [CO2]