

**UNDERGRADUATE (C.B.C.S.S.) EXAMINATION, OCTOBER 2014****Fifth Semester****Open Course – INVESTMENT MANAGEMENT**

(Offered by the Board of Studies in Management)

Time : Three Hours

Maximum Weight : 25

**Part A (Objective Type)**

Answer **all** questions.

*Each bunch of **four** questions carries a weight of 1.*

**I. Choose the correct answer from the choices given :**

1. Name the market in which short term financial instruments are transacted :

- |                     |                       |
|---------------------|-----------------------|
| (a) Capital market. | (b) Primary market.   |
| (c) Money market.   | (d) Secondary market. |

2. Short selling means :

- (a) Selling a security without holding it.
- (b) Selling a small portion of the holdings.
- (c) Selling a small number of securities.
- (d) Selling a security after holding it for a short period.

3. The best suited Mutual Fund for a retired person is :

- |                  |                          |
|------------------|--------------------------|
| (a) Growth fund. | (b) Tax savings fund.    |
| (c) Income fund. | (d) Infrastructure fund. |

4. Which of the following is a Money Market Instrument?

- |                             |                               |
|-----------------------------|-------------------------------|
| (a) Certificate of Deposit. | (b) Money Market Mutual Fund. |
| (c) Both (a) and (b).       | (d) Debentures.               |

**II. 5. Which type of funds do not have fixed maturity tenure?**

- |                  |                   |
|------------------|-------------------|
| (a) Close ended. | (b) Fund of fund. |
| (c) Open ended.  | (d) Mutual funds. |

**Turn over**

6. A speculator who buys shares in the expectation of selling them at a higher price in the near future :

- (a) Bull. (b) Stag.
- (c) Bear. (d) Lame duck.

7. In which market the services stock brokers are mandatory :

- (a) Primary. (b) Secondary.
- (c) Both Primary and Secondary. (d) None of these.

8. The maximum possible number of investors in a private placement ?

- (a) 49. (b) 50.
- (c) 100. (d) No limit.

III. 9. What is the other name for Zero Coupon Bonds ?

- (a) Deep Discount Bonds. (b) Capital Indexed Bonds.
- (c) Sinking Fund Bonds. (d) Junk Bonds.

10. What is the duration of call money market transactions ?

- (a) 1-14 days. (b) 15-30 days.
- (c) One month. (d) Three months.

11. Which among the following is a gilt-edged security ?

- (a) Preference shares. (b) Call money.
- (c) Dated securities. (d) Commercial paper.

12. Which among the following is not a regulatory body in the Indian Financial System ?

- (a) RBI. (b) SEBI.
- (c) NBFI. (d) IRDA.

IV. 13. The primary market is also called as \_\_\_\_\_.

- (a) Money market. (b) New issue market.
- (c) Stock exchange. (d) Acceptance market.

14. Purchase and sale of securities beyond the official working hours is known as :

- (a) Kerb trading. (b) Rigging.
- (c) Cornering. (d) Hammering.

15. The Unit Trust of India came into existence in :

- (a) 1960. (b) 1964.
- (c) 1968. (d) 1972.

16. Life Insurance is a contract of :

- (a) Indemnity.
- (b) Surety.
- (c) Guarantee.
- (d) Safety.

(4 × 1 = 4)

**Part B (Short Answers)**

*Answer any five questions.*

*Each question carries a weight of 1.*

- 17. What is systematic risk?
- 18. What is MMMF?
- 19. What is Rolling settlement?
- 20. What is meant by Reverse Repos?
- 21. What is a depository?
- 22. What is Blue Chip Shares?
- 23. Distinguish between a physical asset and a financial asset.
- 24. What is Endowment Life Policy?

(5 × 1 = 5)

**Part C (Short Essays)**

*Answer any four questions.*

*Each question carries a weight of 2.*

- 25. Differentiate investment from speculation and gambling.
- 26. Discuss the role of Asset Management Company in a mutual fund.
- 27. Write short notes on :
  - (a) Post Office Savings.
  - (b) Provident Fund Scheme.
- 28. Write short notes on Commercial Papers and Certificate of Deposits.
- 29. Describe the private placement method of new issue.
- 30. Describe the concept of dematerialisation of Securities.

(4 × 2 = 8)

**Turn over**



**Part D (Essays)**

*Answer any two questions.*

*Each question carries a weight of 4.*

31. What is meant by 'listing of securities'? What are its advantages from point of view of the company and investors?
32. Describe the features of an investment programme. What steps should an investor follow to make an investment?
33. Define Mutual Fund. Explain the various benefits of investing in mutual funds.

(2 × 4 = 8)