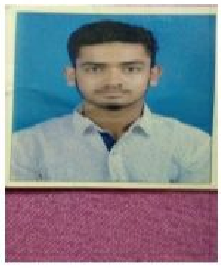
SHARDA UNIVERSITY, GREATER NOIDA

ADMIT CARD

CANDIDATE S NAME: **SUMIT CHAUHAN**	FATHER'S NAME: **ASHOK CHAUHAN**	
ROLL NO.: **180243081**	SYSTEM ID: **2018015752**	SESSION: **2020-21**
PROGRAM: **B. COM. HONS.**	BRANCH: -	SEM: **2001**
SCHOOL : **SCHOOL OF BUSINESS STUDIES**	STATUS: **REGULAR/BACKLOG**	GENDER: **M**



Note: For practical examinations consult your department.

COURSES APPLIED FOR

S. No.	DATE/TIME	PAPER ID	SUBJECT CODE	SUBJECT NAME
1	/ -	6148	BBA 354	SUMMER TRAINING EVALUATION
2	15-Dec-20 / 09:00 AM - 12:00 PM	25485	BBA 336	BUSINESS COMMUNICATION
3	18-Dec-20 / 09:00 AM - 12:00 PM	25154	BCM 313	INVESTMENT MANAGEMENT
4	19-Dec-20 / 09:00 AM - 12:00 PM	25784	DSE 009	TAX PROCEDURE AND MANAGEMENT
5	24-Dec-20 / 09:00 AM - 12:00 PM	25783	BCM 333	FUNDAMENTALS OF RESEARCH METHODS
6	29-Dec-20 / 09:00 AM - 12:00 PM	25782	DSE 011	MICRO FINANCE AND RURAL CREDIT
7	31-Dec-20 / 09:00 AM - 12:00 PM	25479	BCM 322	AUDIT AND ASSURANCE

CANDIDATE'S SIGNATURE

SIGNATURE OF CONTROLLER OF EXAMINATION

INSTRUCTIONS FOR CANDIDATE:

1. Students should bring their Admit Card for appearing in the examination. Students failing to bring the Admit Cards shall not be allowed to appear in the examination.
2. Candidates shall take seats at least 30 minutes before the commencement of the examination.
3. Candidate will not be allowed into the examination venue half an hour after the commencement of the examination.
4. Candidates shall display their Admit Cards on the right hand side of their desks.
5. No candidate shall leave the examination Hall during the first hour after the commencement of the examination in each session.
6. No communication of any kind shall take place between the candidates during the examinations. The only communication that is permitted is between the candidates and the invigilators.
7. No cellular phones, iPods, MP3 players, pagers or any other devices with text display or digital imaging facilities are allowed in the examination venues. Programmable calculators are not allowed. No borrowing or lending of examination material (including calculators, pens, pencils, etc.) is permitted during the examinations.
8. Candidates will not be allowed to leave the examination Hall before the examination ends.
9. At the end of the examination session, candidates must ensure that they hand over their examination Answer Book to the invigilator before they leave their desks.
10. Any unfair means will automatically result in ejection or rustication, if found and reported.
11. **Any mistake on the OMR sheet will be the responsibility of the candidate and the result may be withheld if the sheet is not scanned.**

Name - Sumit Chauhan
Roll No - 18024308l
System ID - 2018015752
Class - Bcom (Hons) Sem. - V
Subject - Investment Management
Subject Code - BCM 313
Date - 18/12/2020

(1)

Q.1

Section - A

(i) The net asset value (NAV) represents the net value of an entity and is calculated as the total value of the entity's asset minus the total value of its liabilities. most commonly used in the context of a mutual funds or exchange-traded fund (ETF), NAV represents the per share/unit price of the fund on a specific date or time.

(ii) A mutual fund is essentialy a common pool of money in which investors put in their contribution. This collective amount is then invested according to the investment objective of the fund. The money could be invested in stocks, bonds, market instruments, gold & other similar assets.

(v) The risks of inflation and tax can take a significant bite out of your investment return, especially from interest-bearing investments. Over the past 20yrs, after tax & inflation returns from Bonds & T-bills are lower than return on equities. Tax & inflation reduces the return on your investments.

(iv) PE ratio is nothing but the measure of the price of a company's stock as a multiple of the earnings that a company generates/seeks to generate. PE ratio is calculated either using the current earning per share (annualised) or the trailing, four quarter earning or the expected earning per share. currently PE ratio is something 32.6.

(viii) Derivatives are financial instruments that have values derived from other assets like stocks, bonds or foreign exchange. derivatives are something used to hedge position (protection against the risk of an adverse move in an asset) or to speculate on future moves in the underlying instrument. Hedging is a form of risk management that is common in the stock market, where investors use derivatives called put options to protect shares.

Q.2

Section - B

(i) Portfolio risk is a chance that the combination of assets or units, within the investments that you own, fail to meet financial objective. Each investment within a portfolio carries is its own risk, with higher return typically means higher risk. and the portfolio risk is measured using the standard deviation of the portfolio.

(ii) Risk free return provides the guranteed return with zero risk. Risk free return means having return but without risk. The risks free rate of return represents the interest on an investor's money that would be expected from an absolutely risk - free investment over a specified period of time. There is no risk but the return is also very low. if risk is high, then return is high

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(vii) An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a stock issuance. The issuing company directly offers to the general public/institutions a fixed number of securities at a stated price or price band through a document called prospectus. This is the most common method followed by companies to raise capital through issue of the securities.

(vi) Capital gain yield (CGY) is the price appreciation on an investment or a security expressed as a percentage.

Capital gain is the component of total return on an investment, which occurs as a result of a rise in the market price of the security.

Capital gains yield formula

$$CGY = \frac{(\text{Current Price} - \text{Original Price})}{\text{Original Price}} \times 100$$

(iii) Redemption Value is the price at which the issuing company may choose to repurchase a security before its maturity date. A bond is purchased at a discount if its redemption value exceeds its purchase price. It is purchased at a premium if its purchase price exceeds its redemption value. When bonds are redeemed, they are redeemed at a price above par value.

Q.3

Section -C

(iv) A bond is a debt investment in which an investor loans money to an entity which borrows the funds for a definite period of time at a variable or fixed interest rate.

HOW BONDS WORK?

Bond issued (Govt / Corporation → for a specific period → Interest rate applied → Returned at maturity date (depend) → Bond issued (Govt / Corporation

There are 3 main categories of bonds :-

1) corporate bonds are issued by companies. They are high risk than government bonds.

2) Municipal bonds are ~~ths~~ issued by states and municipalities. They can offer tax-free coupon income for residents of those municipalities.

3) U.S. Treasury bonds (more than 1-10 years to maturity) where as bills (less than 1 year maturity), are collectively refered to as simply " treasures".

other Bonds are :-

- Yankee bonds
- Bull dog bonds
- Lioncity ~~Bons~~ bonds
- masala bonds

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(i) An underwriter is any party that evaluates and assumes another party's risk for a fee. The fee paid to an underwriter often takes the form of commission, premium, spread or interest. underwriters play a critical role in many industries in the financial world, including the mortage industry, insurance industry, equity markets, and common types of debt security tradings. An individual in the position of a lead underwriter is sometimes called a book runner.

underwriters services are provided by some large financial institutions, such as banks, insurance companies and investment houses, whereby they gurantee payment in case of damage or financial loss and accept the financial risk for liability arising from such gurantee.

Q.4 Section - D

(i)

(i) SEBI is known as security exchange Board of India was established in the year 1988 and given statutory powers in 1992 with SEBI Act 1992 being passed by the parliament.

SEBI is established to regulate the ~~mart~~ securities markets in India and protect the investors interests in securities.

SEBI has the power to regulate and perform functions such as check the book of accounts of stock exchanges and call for periodical returns, approved by laws of stock exchanges, inspect the books of financial intermediaries such as banks, compel certain companies to get listed on one or more stock exchanges, and handle the registration of brokers.

Various functions of SEBI are

→ To protect the interests of investors in

→ To promote the development of securities market

→ To regulate the business in stock exchanges and any other securities market.

→ To promote & regulate self regulatory organizations

→ To prohibit insider trading in securities

→ To conducting research for efficient working & development of securities market.

(iii) It is the rate of return that an investor is expected to earn on an annualized basis expressed in % terms from a bond purchased at the current market price and held till maturity.

It is the internal rate of return earned on a bond if held till maturity.

YTM is that rate of discounts (r) which makes the present value of cash inflows from the bond (in form of interest and redemption value) equal to the cash ~~flo~~ outflow on purchase of the bond

YTM may be calculated as

$$YTM = \frac{I + (RV - MP)/N}{RV + MP / 2}$$

where,

I = Annual interest

RV = Redemption Value

MP = Market Price

N = Number of years remaining to maturity

(v) Preference shares are those shares which carry with them preferential rights for their holders.

Features of ~~preferential~~ preference shares:-

→ Fixed rate of Dividends

→ Priority as to payment of dividend

→ Preference as to repayment of capital during liquidation of the company.

→ Generally preference shareholders don't have voting rights.

→ ~~Few~~ Preference shares can be redeemable & maximum period for which they can be issued is 10 years.

Types of preference shares

★ on the basis of cumulating of dividend:-

• Cumulative Preference shares:-

These are the shares on which the dividend at a fixed rate goes on cumulating till it is all paid.

- Non-Cumulative preference shares:-

These are those shares on which the dividend does not cumulate.

★ On the basis of participation

- Participating preference shares:-
These type of shares are allowed to participate in surplus profit of the company.

- Non Participating preference shares:-

These shares are not entitled to participate in surplus profit.

★ On the basis of conversion

- Convertible preference shares

These shares can be converted from preference shares into equity shares.

- Non-convertible preference shares
These shares cannot be convertable into equity shares.

On the basis of redemption

- Redeemable preference shares

These are to be purchased back by the company after a certain period as per the term of issue.

- Irredeemable preference shares

These are not purchased back by the ~~the~~ company during its lifetime.

(vi) A mutual fund is a trust that pools the saving of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures, and other securities. The income earned through these investments realised are shares by its unit holders in proportion to the number of units owned by them. mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low costs.

Mutual fund operation Flow Chart