

BRAINWARE UNIVERSITY

Term End Examination 2021 - 22

Programme – Bachelor of Commerce (Honours) in Banking & Financial Accounting Course Name – Fundamentals of Investment Course Code - BCMD603A (Semester VI)

Time allotted: 1 Hrs.15 Min. Full Marks: 60 [The figure in the margin indicates full marks.] Group-A (Multiple Choice Type Question) $1 \times 60 = 60$ Choose the correct alternative from the following: (1) Stock exchange is a) Primary market b) Secondary market c) Money market d) None of these (2) Which of the following is outside the purview of investment class? a) Fixed deposits b) Recurring deposits c) Savings bank deposits d) Current account deposits (3) Money market instruments are a) Treasury bills b) Certificate of deposit d) all of these c) Commercial paper

(4) Rising of prices and falling of standard of living is arises at the time of

a) Inflation b) Boom period

c) Normal period d) Deflation

(5) A combination of various investment products like bonds, shares, securities, mutual funds and so on is called as

a) Portfolio b) Investment

c) Speculation d) Gambling

(6) An investor purchased an equity share on 1.1.2020 by Rs.20 and sold the share on 31.1 2.2020 at Rs.25. What is the holding period return?

a) 25% b) 50%

c) 20% d) 10%

(7) Value of correlation coefficient lies between

a) -1 to +1 b) 0 to +1

c) -2 to +2 d) 0 to -1

(8) Holding period return of a share for year 1 to 3 are 10%, 15% and 20% respectively. W

hat is the average return of the share?	
a) 10%	b) 20%
c) 15%	d) 12%
(9) An investor creates a portfolio of stock A and st xpected return of stocks A and B are 20% and 1 d return will be	
a) 20%	b) 10%
c) 16%	d) None of the above
(10) If Rs.200 is invested at a compounding rate of 6 ill become Rs after 3 years	5%, the future value of the investment w
a) Rs. 238	b) Rs. 250
c) Rs. 200	d) None of the above
(11) Mutual funds in India are constituted as	
a) Trust	b) Company
c) Charitable society	d) None of the above
(12) An investor committed money for very short pe	riod expect
a) Return from price fluctuation.	b) Dividend
c) Benefit from both price variation and divide nd	d) None of these
(13) Unsystematic risk may arise due to the followin	g reason
a) Change in interest rate	b) Increase in population
c) Employee strike in the company	d) Exchange rate fluctuations
(14) Total risk includes	
a) Systematic risk only	b) Unsystematic risk only
c) Both a and b above	d) Only diversifiable risk
(15) Treasury bills are traded in the	
a) Money market	b) Capital market.
c) Government market.	d) Regulated market
(16) In order to determine the expected return of a poor own except	ortfolio, all of the following must be Kn
a) Probabilities of expected returns of individua l assets	b) Weight of each individual asset to total portf olio value
c) Expected return of each individual asset	d) All of the above must be known in order to d etermine the expected return of a portfolio
(17) Which of the following is true regarding the exp	pected return of a portfolio?
 a) It is a weighted average only for stock portfo lios. 	b) It cannot be determined without the individu al weights.
c) It can never be above the highest individual r eturn.	d) All of the above are true.
(18) The relevant risk for a well-diversified portfolio	is
a) Interest rate risk	b) Inflation risk
c) Business risk	d) Market risk
(19) Standard deviation determine	
a) Systematic risk of a security	b) Unsystematic risk of security
c) Total risk of security	d) Premium of security
(20) Which of the following is correct formula to cal	culate returns of listed security?

a) $[(P1 - P0) + D] \div P0 \times 100$	b) $[(P0 - P1) + D] \div [P0 \times 100]$
c) $[(P1 - P0) - D] \div [P0 \times 100]$	d) $[(P1 - P0) + D(1 - t)] \div [P0 \times 100]$
(21) If probability of occurrence is assigned, then the	e expected return would be
 a) average return being assigned to return of se curity for the various scenarios 	b) weighted average of probabilities being assi gned to return of security for the various sce narios
 c) weighted average return with probabilities b eing assigned to return of security for the var ious scenarios 	d) weighted average return multiplied by risk w ith probabilities being assigned to return of s ecurity for the various scenarios
(22) Investment with lower standard deviation carrie	es
a) High risk	b) Less risk
c) Infinite risk	d) Avoidable risk
(23) Liquidity risk	
a) is risk investments bankers face	b) is lower for small companies
c) is risk associated with secondary market tran sactions	d) increases whenever interest rates increases
(24) An investor invests in multiple assets at a time,	known as a
a) Securities	b) Block of Assets
c) Portfolio	d) None of these
(25) Dividednd are paid -	
a) monthly	b) quarterly
c) half yearly	d) yearly
(26) How many companies are included in the SENS	SEX of India?
a) 30	b) 50
c) 110	d) 25
(27) Which of the following is not a credit rating age	ency?
a) CRISIL	b) ICRA
c) NIKKEI	d) CARE
(28) Which of the following term does not belong to	the stock exchange?
a) NAV	b) NSE
c) IPO	d) KPO
(29) The type of market in which securities with less assified as	s than one year maturity are traded, is cl
a) money market	b) capital market
c) transaction market	d) global market
(30) The markets in which new securities are issued alled	by the corporations to raise funds are c
a) primary markets	b) secondary markets
c) Gross markets	d) proceeds markets
(31) Which of the following statement is NOT correct	ct about the SEBI?
a) At present it is a non statutory body	b) At present it is a statutory body
c) It got statutory powers by an ordinance in 19 92	d) SEBI is managed by 6 members
(32) KYC means -	
a) Know your customer	b) Know your character
c) Both of these	d) None of these

(33) Investment is the	
a) Net addition made to person's capital stock	b) Person's commitment to buy a flat or house
c) Employment of funds on assets to earn retur ns	d) Employment of funds on goods and services that are used in production process
(34) Investors agree to invest in high- risk investmen	nts if only
a) There are any true speculations	b) The predicted return is satisfactory for takin g a risk
c) There are no safe options except for holding cash	d) The return is short
(35) is based on tips, rumors and hunches, e exact nature of risk	unplanned and without knowledge of th
a) Investment	b) Speculation
c) Gambling	d) Arbitrage
(36) Risk due to internal environment of a firm or th rred to as	ose affecting particular industry are refe
a) Unsystematic risk	b) Systematic risk
c) Normal risk	d) Abnormal risk
(37) Technical analysis is useful	
a) To make an estimate of growth in a stock ma rket	b) To find out the market forces influencing sto ck market
c) To indicate the direction of the overall marke t	d) To analyze the economic activity of govern ment
(38) Financial Assets are -	
 a) Pieces of paper representing an indirect clai m to real assets in form of debt or equity co mmitments. 	b) Tangible, material things such as buildings, f urniture, automobiles etc.
c) Both of these	d) None of these
(39) CAMP stands for	
a) capital asset pricing model	b) capital assessment pricing model
c) capital asset placement model	d) none of these
(40) is not a money market instrument.	
a) cerftificates of deposit	b) Savings
c) a treasury bond	d) commercial paper
(41) Investment is the	
 a) net additions made to the nations capital stoc ks 	b) persons commitment to buy a flat or house
c) employment of funds on assets to earn return s	d) employment of funds on goods and services that are used in production process
(42) which one of the following is not a money mark	xet securities?
a) Treasury bills	b) Commercial paper
c) Certificate of deposit	d) National savings certificate
(43) are financial assets.	
a) Bonds	b) Machines
c) Stocks	d) Both Bond and Securities
(44) Registrar to the issue	·
a) helps in the appointment of lead managers	b) drafts the prospectus

c) recommends the basis of allotment	d) directs the various agencies involved in the i ssue
(45) Which of the following investment areas is heaved statistical models?	vily tied to work using mathematical an
a) security analysis.	b) portfolio management.
c) institutional investing.	d) retirement planning.
(46) Which of the following would be considered a r	,
a) Equity of a company	b) Treasury bills
c) Gold	d) High-grade corporate bonds
(47) The rise of the Internet has	
a) greatly increased the cost of security trading.	b) significantly democratized the flow of invest ment information.
c) led to large amounts of security fraud.	d) led to fewer number of discount brokers.
(48) Savings accounts are but are not	<u> </u>
a) liquid; personal	b) liquid; marketable
c) negotiable; liquid	d) marketable; liquid
(49) Which of the following would not be considered	d as capital market security?
a) A corporate bond.	b) A common stock.
c) A 6-month Treasury bill.	d) A mutual fund share.
(50) If an investor states that Intel is overvalued at 6	5 times, he is referring to
a) Earnings per share	b) Dividend yield
c) Book value	d) P/E ratio
(51) Which of the following is not a characteristic of	investments companies?
a) pooled investing	b) diversification
c) managed portfolios	d) reduced expenses
(52) The most popular type of investment company is	s a
a) unit investment trust	b) mutual fund
c) closed-end investment company	d) real estate investment trust
(53) A major difference between a closed-end invest ment company is that	ment company and an open-end invest
a) closed-end investment companies are genera lly much riskier	b) their security portfolios are substantially diff erent
c) closed-end investment companies are passiv e investments and open-ends are not	d) closed-end companies have a more fixed cap italization
(54) It is not important to have a secondary market for	or mutual funds because
a) investors hold the securities till maturity	b) investors trade between themselves
c) investors sell their shares back to the compa ny	d) banks will cash their shares as long as they h ave accounts at the bank
(55) Net asset value takes into account	_•
a) both realized and unrealized capital gains	b) only realized capital gains
c) only unrealized capital gains	d) neither realized nor unrealized capital gains
(56) Mutual funds may be affiliated with an underwi	riter. This means
 a) the underwriter has an exclusive right to dist ribute shares. 	b) the underwriter selects the securities in the p ortfolio.
c) there is no risk to the issuer of the mutual fu nd.	d) there is no risk to the investor of the mutual f und.

(5/) Which of the following is not related to overall	market variability?
a) Financial risk	b) Interest rate risk
c) Purchasing power risk	d) Market risk
(58) Political stability is the major factor concerning	g
a) exchange risk.	b) systematic risk
c) Unsystematic risk	d) country risk
(59) If interest rates are expected to rise, you would	expect
a) bond prices to fall more than stock prices.	b) bond prices to rise more than stock prices.
c) stock prices to fall more than bond prices.	d) stock prices to rise and bond prices to fall.
(60) The First player of the Mutual fund industry w	as
a) ICICI MF	b) UTI MF
c) SBI MF	d) LIC MF