



Reg. No. :

Name :

Fourth Semester B.B.A. Degree Examination, June 2014
Career Related First Degree Programme under CBCSS
Group 2(b)
Core Course BM 1443 : CAPITAL MARKET AND INVESTMENT
MANAGEMENT
(Common For 2010 and 2011 Admission)

Time : 3 Hours

Max. Weights : 30

SECTION – A

This Section consists of **four** bunches of **four** question **each**. **Each** bunch carries a weightage of 1.

I. Fill in the blanks :

- 1) Investment made on a house property is a _____
 - a) Financial investment
 - b) Economic investment
 - c) Non negotiable investment
 - d) Non financial investment
- 2) Which of the following is considered as a risk free investment ?
 - a) Gold
 - b) Treasury bills
 - c) Equity in a house
 - d) Bonds
- 3) Treasury bills are traded in _____
 - a) Capital market
 - b) Money market
 - c) Government market
 - d) Regulated market
- 4) Dividends are paid
 - a) Monthly
 - b) Quarterly
 - c) Half yearly
 - d) Yearly

II. Choose the appropriate answer from the following :

- 5) Investment bankers operate in
 - a) Primary market
 - b) Secondary market
 - c) Third market
 - d) Fourth market



- 6) _____ are financial assets.
- | | |
|-----------|----------------|
| a) Bonds | b) Machines |
| c) Stocks | d) Real estate |
- 7) A market for existing securities rather than new issues is known as
- | | |
|------------|--------------|
| a) Primary | b) Secondary |
| c) Capital | d) Tertiary |
- 8) The value of bond depends on
- | | |
|-------------------------------|----------------------|
| a) The coupon rate | b) Years to maturity |
| c) Expected yield to maturity | d) All the above |

III. State whether the following statements are **true** or **false** :

- 9) The capital market involves financial instruments such as bonds, stocks and six month bank notes.
- 10) The depository can legally transfer beneficial ownership.
- 11) The public cannot give their complaints or comments on the issuer company or others connected with the issue to SEBI.
- 12) Shares of newly issued firms usually trade in the over-the-counter market.

IV. Select the answers from the following :

- 13) The mutual funds that are listed in the stock exchange are
- | | |
|------------------------|-------------------|
| a) closed-end funds | b) open-end funds |
| c) stock indexed funds | d) growth schemes |
- 14) The optimal portfolio is the efficient portfolio with the
- | | |
|---------------------|--------------------|
| a) lowest risk | b) highest risk |
| c) least investment | d) highest utility |
- 15) If artificial and unnecessary risks are created for increased expected returns, it becomes
- | | |
|---------------|-------------------|
| a) investment | b) speculation |
| c) gambling | d) productive use |



- 16) In the bull market
 - a) the stock prices are increasing
 - b) the stock prices are decreasing
 - c) each peak is higher than the previous peak
 - d) each bottom is higher than the previous bottom
 - e) both c and d

(4x1=4 Weights)

SECTION – B

Write short notes on **any eight** of the following in **one or two** sentences. **Each** questions carries a weightage of 1.

- 17) Return
- 18) Liquidity
- 19) Speculative investment vehicles
- 20) Open end funds
- 21) Domestic market
- 22) Financial assets
- 23) Debt instrument
- 24) Certificate of deposits
- 25) Preferred stocks
- 26) Bonds
- 27) Futures
- 28) Stag.

(8x1=8 Weights)

SECTION – C

Answer **any five** questions **not exceeding one** paragraph. **Each** question carries a weight of 2.

- 29) Distinguish between money market and capital market.
- 30) Explain financial markets and its functions.
- 31) Explain the services provided by financial intermediaries.



- 32) Write a short note on debt securities.
- 33) Who are the market participants in the financial system ?
- 34) List out the type of investing in the economy and its alternatives for financing in the economy.
- 35) Write a note on short term investment vehicles.
- 36) Explain the importance of financial planning. **(5×2=10 Weights)**

SECTION – D

Answer **any two** questions **not** exceeding **four pages each**. Each question carries a weight of **4**.

- 37) Explain in detail the desirable characteristics of a stock market and mention the reasons for detesting companies in a stock exchange.
- 38) Define speculation and its types.
- 39) Explain portfolio management and its phases. **(2×4=8 Weights)**
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