



QP CODE: 24020576



24020576

Reg No : .....

Name : .....

**BFM DEGREE (CBCS) REGULAR / IMPROVEMENT / REAPPEARANCE**

**EXAMINATIONS, MAY 2024**

**Second Semester**

Bachelor of Financial Markets

**Core Course - FM2CRT05 - RISK AND RETURN IN INVESTMENT DECISIONS**

2017 ADMISSION ONWARDS

3E5A4A84

Time: 3 Hours

Max. Marks : 80

**Part A**

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. What is the need for Investment?
2. Write the difference between Simple Interest and Compound Interest.
3. Mr. Dominic purchased iphone 12 for Rs. 85,000 at an interest rate of 9% p.a. for 5 years. Calculate his EMI.
4. List the techniques of Time value of money.
5. What do you mean by Purchasing power?
6. What do you mean by Exchange rate risk?
7. What is CAGR?
8. What is the meaning of Risk?
9. What is Patient portfolio?
10. List the three factors to decide asset allocation strategy.
11. What are the factors that influences your investment choice?
12. What are the benefits of financial planning?

(10×2=20)

**Part B**

*Answer any **six** questions.*

*Each question carries **5** marks.*





13. What is Investment? What are the objectives of Investment?
14. a) A man took a loan from the bank at the rate of 8% per annum simple interest. After 4 years he had to pay Rs.6200 interest only for the period. What was the principle amount borrowed by him? b) In how many years will a sum of Rs. 4,000 yield a simple interest of Rs. 1,440 at 12% per annum?
15. Which are the different forms of return?
16. What is Risk? Explain the different types of risks.
17. What is a Portfolio? Explain the different types of Portfolios.
18. Differentiate between Direct and Indirect Investment.
19. Explain the Characteristics of Investment vehicles.
20. What are the benefits of investing in Commodity funds?
21. Explain: Retail individual investors, Qualified Individual investors, Non-institutional investors.

(6×5=30)

### **Part C**

*Answer any **two** questions.*

*Each question carries **15** marks.*

22. What are the differences between Investment and Speculation, Investment and Saving?
23. The investment decision process shows the steps in creating a Portfolio. Explain.
24. An investor whose nominal rate of return on his equity investment is 17% and his applicable tax rate is 15%. The inflation rate during the period is 2.5%. Calculate his after-tax real rate of return.
25. Write a note on Investment Policy Statement. What are the features of Investment policy statement. Explain its uses.

(2×15=30)

