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| **University of Kerala** | | |
| Discipline : Commerce |  | Time: 1 Hour 30 Minutes (90 Mins.) |
| Course Code : UK1MDCCOM101 |  | Total Marks: 42 |
| Course Title : Fundamentals of Investment |  |  |
| Type of Course : MDC |  |  |
| Semester : 1 |  |  |
| Academic Level : 100-199 |  |  |
| Total Credit : 3, Theory: 3 Credit (Applicable for 4 Credit Course with 1 Credit Practical Also) | | |

Part A. 6 Marks. Time: 6 Minutes

Objective Type. 1 Mark Each. Answer All Questions (Cognitive Level: Remember/Understand)

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| **Qn.**  **No.** | **Questions** | **Cognitive**  **Level** | **Course Outcome (CO)** |
| 1. | Deployment of funds with the aim of achieving additional income is known as   1. Betting 2. Investment 3. Gambling 4. Speculation | Remember | 1 |
| 2. | Identify the one, which is a non-diversifiable risk   1. Normal risk 2. Unsystematic risk 3. Systematic risk 4. Abnormal risk | Remember | 2 |
| 3. | Labour strike, consumer preferences, and management policies are examples of which type of risk?   1. Financial risk 2. Systematic risk 3. Business risk 4. Unsystematic risk | Understand | 2 |
| 4. | Which of the following securities has the most possible risk as well as the highest potential return?   1. Stock 2. Commercial paper 3. Derivative securities 4. Bonds | Understand | 4 |
| 5. | Horse racing, card games and lottery are instances of:   1. Investing 2. Gambling 3. Speculation 4. Arbitraging | Understand | 4 |
| 6. | What is the primary difference between simple and compound interest?   1. Compounding frequency 2. Interest rate 3. Principal amount 4. Interest calculation | Understand | 3 |

Part B. 8 Marks. Time: 24 Minutes

Short Answer. 2 Marks Each. Answer All Questions (Cognitive Level: Understand/Apply)

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| **Qn.**  **No.** | **Question** | **Cognitive Level** | **Course Outcome (CO)** |
| 7. | Describe the concepts of effective return and real return. | Understand | 2 |
| 8. | Discuss the present value and future value of an investment. | Understand | 3 |
| 9. | Mr. Joy is a businessman. Recommend the most appropriate type of bank account Mr. Joy can open in a bank. | Apply | 4 |
| 10. | Mr. Jeevan wants to take advantage of the continuous value appreciation of gold. However, he is not interested in investing in physical gold. Can you recommend alternate gold investment schemes to him? | Apply | 1 |

Part C. 28 Marks. Time: 60 Minutes

Long Answer. 7 marks each. Answer all 4 Questions, choosing among options within each question.

(Cognitive Level: Understand/Apply/Analyse/Evaluate)

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| **Qn.**  **No.** | **Question** | **Cognitive**  **Level** | **Course Outcome (CO)** |
| 11.A | Mr Nath is a business manager of ABC Logistics Ltd. and is entrusted to manage risk. Can you help him to classify the various types of risks which may affect his business? **OR** | Understand | 2 |
| B | As an investment adviser, can you identify investment alternatives suitable for investors belonging to various risk profile categories? |
| 12.A | Illustrate the components of a loan amortization schedule of housing loan. **OR** | Apply | 3 |
| B | Interpret the importance of time value of money while making an investment decision by an individual. |
| 13.A | Compare and contrast the characteristics of various stages in investment life cycle of an individual. **OR** | Analyse | 1 |
| B | Examine the most important considerations in making investment decision. |
| 14.A | Mr. Shakir prefers to earn fixed income from his investment. Evaluate the various investment avenues which generate fixed income for him in Indian scenario. **OR** | Evaluate | 4 |
| B | Mr. Jerry likes to invest in Indian financial market. Recommend a list of instruments which help him to invest in Indian money market and capital market. |