

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2014-16)
Fifth Semester Examination January 2016

Subject	Fixed Income Securities		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages		Date	14.01.2016

- Note :**
- 1) **Question No. 1 is Compulsory.**
 - 2) **Write any 4 from the rest.**
 - 3) **Marks given to the right indicates in full.**

Q.1 A) Read the following and answer the questions given below. (10)

Mr. ABC is the investor in the stock, share and Securities Markets. He plans to invest money in the stocks and accordingly he creates his own portfolio. He mixes various securities in his portfolio. He also hold GOI Bonds. He had a mixture of stocks and also fixed income securities like GOI bonds. Details given below. Solve it and answer the Questions given below it. Find the HPR ?

Stocks Company	Qty. Bought	Price @ Bought	Bonus received (once)	Dividends received (once)	Sold Rate	Service Charged Paid
XYZ	100	100	1:5	Rs. 4000/-	200	Rs. 4000 on Purchases and Rs. 8000 on Sales
ABC	100	110	2:7	Rs. 5000/-	220	
MMM	100	120	3:6	Rs. 6000/-	240	
CAB	100	130	1:4	Rs. 7000/-	260	

Q.1 B) Find the Interest accrued amount but not received as on Date. (10)

Maturity year	Bond Name	Amt.	Rate of Interest	Interest received in Calendar year
2020	GOI	1.1 Cr	10%	Feb / Aug
2021	GOI	2.2 Cr	10.5%	Mar / Sept
2022	GOI	3.3 Cr	12%	April / Oct
2023	Maharashtra	4.4 Cr	12.5%	Mar / Nov

Q.2 Write any two (10)

- A) Write about fixed income securities.
- B) What do you know about Mutual Fund Schemes.
- C) Ramesh invests Rs. 14,000/- every year in 8 equal instalments through annual payments. The interest is at 9% per annum. Find annuity maturity amount.

- Q.3 Write any two (10)**
- A) If Interest rates in India @ 8.75% and in USA 3.75% per year. Current exchange rate is Rs. 67/- for one US Dollar. Find 1 year forward and 6 month forward rates according to PPP Theory.
- B) Write about the choices available to be investors when they want to make investments in different avenues.
- C) Write about Doubling period with examples.

- Q.4 Write any two (10)**
- A) Explain the valuation of Bonds.
- B) How selection of securities to be done ?
- C) Mr. Happy Singh wants to send his son to Canada for MBA Course after 4 years. He may need Rs. 10,00,000/- at that time. If interest rate is at 13% how much he should invest now, find the p.v. amount.

- Q.5 Write any two (10)**
- A) Mr. XYZ interested in Put option. Details given to you. Find Cash flow on maturity. CMP Rs. 1000/- put option exercise price at Rs. 980/- Premium Rs. 50/-. The probability of closing rates on maturity date is (i) 930 (ii) 900 (iii) 870 (iv) 950.
- B) Find YTM of the securities and mention which is best (Price Rs. 100 par value)
- | | | | | |
|--------|-----|----------|----------|----------|
| Bond A | 10% | 11 years | Maturity | Rs. 85/- |
| Bond B | 9% | 9 years | Maturity | Rs. 92/- |
- C) What are Bonds? Write about its various types.

- Q.6 Write any two (10)**
- A) Write about investment Constraints and objectives.
- B) Write about call option Put option and other types.
- C) Find F.V. of Rs. 2,85,000/- invested for 7 years at the rate of 9.25% p.a.

- Q.7 (A) Find Beta of the Security and Comment (10)**

Period	Return of Sec. X (%)	Ret on Market Portfolio %
1	20	22
2	22	20
3	25	18
4	21	16
5	18	20
6	5	8
7	17	6
8	19	5
9	7	6
10	20	11