

Paper Code : DMDS-242

Roll No : .....

**Examination : DECEMBER 2020**  
2nd Year  
Security Analysis and Investment Management

Time : 1 Hours ]

[ Max. Marks : 60

**Instructions :-**

- Attempt All Questions. All questions carry equal marks.
- Fill the 'Bubble' available in OMR Sheet to mark your Answer.
- Only one option is correct out of all available option.
- There is 1 mark for correct answer.
- There is No Negative marking for incorrect answer.

**1. Worth of a rupee received today is different from the worth of a rupee to be received in future is called**

.....

**(A) Wealth rate**

(B) Bond valuation

(C) Money value

(D) Time value of money

**2. ULIP means .....**

(A) Unit Life Insurance Plan

(B) Unique Life Insurance Plan

**(C) Unit Linked Insurance Plan**

(D) Unit Long Insurance Plan

**3. The growth in book value per share shows the**

(A) Rise in the share price

(B) Increase in the physical assets of the firms

(C) Increase in net worth

**(D) Growth in reserves**

**4. The registered promises of Govt. is called .....**

**(A) Promissory note**

(B) Stock certificate

(C) Mutual fund

(D) Financial derivatives

**5. The promoter of the mutual fund is called .....**

**(A) Mutual fund trust**

(B) AMC

(C) Sponsor

(D) Custodian

**6. The privilege to the issuing company to repurchase bonds is known as**

(A) Call

(B) Pre-emptive right

**(C) Redemption**

(D) Privileged interest

**7. The fall in the interest rate is conducive to the stock market because**

- (A) Money may flow the bond market to stock market
- (B) Corporate can borrow at easy terms
- (C) brokers can do business at borroed funds
- (D) B and C**

**8. The face value of the equity share is also known as .....**

- (A) Premium
- (B) Discount
- (C) Par value**
- (D) None of the above

**9. The equity shareholders has a right of receiving additional shares when ever they issued by the company . It is known as .....**

- (A) Special right**
- (B) Confidential right
- (C) Consideration right
- (D) Pre-emptive right

**10. The Declining market is called "bear market" because of**

- (A) The hybernation period is long for bears
- (B) The traditional usage
- (C) The fur coat of the bears
- (D) The attacking manner of the bears**

**11. Put option is the right to .....**

- (A) Purchase
- (B) Sell**
- (C) Re purchase
- (D) None of the above

**12. Purchasing power risk is also known as .....**

- (A) Interstate risk
- (B) Economic risk
- (C) Inflation risk**
- (D) Sociological risk

**13. Option are the contract conveying the right but not the .....**

- (A) Liability
- (B) Obligation**
- (C) Asset
- (D) None of the above

**14. One of the following factors leads the activity of stock market**

- (A) Money supply**
- (B) Per capita income
- (C) Unemployment rate
- (D) Manufacturing and trade

**15. Life insurance is a contract between insured person and .....**

- (A) Organization
- (B) Police
- (C) Insurance company**
- (D) None of the above

16. Investment is the employment of funds on assets with the aim of earning ..... & .....  
(A) Risk & Return  
(B) Income & capital appreciation  
(C) Profit & loss  
(D) Income & Risk
17. Interest rate of bond is called .....  
(A) Coupon rate  
(B) Inflation rate  
(C) Information rate  
(D) None of the above
18. In the bull market  
(A) The stock prices are increasing  
(B) Each peak is higher than the previous peak  
(C) Each bottom is higher than the previous bottom  
(D) B and C
19. Ideally, clients would like to invest with the portfolio managers who has \_\_\_\_\_.  
(A) a moderate personal risk aversion coefficient,  
(B) a low personal risk aversion coefficient,  
(C) the highest Sharpe measure,  
(D) the highest record of realized returns
20. Highly standardized financial derivatives are known as .....  
(A) Forward  
(B) Swaps  
(C) Futures  
(D) Currently
21. Gross domestic product is a logical factor to analyse the economy in picking up a stock because it indicates  
(A) Inflation or deflation  
(B) The market value of assets  
(C) The status of the economy  
(D) The condition of the stock market
22. Financial derivatives market price of the asset is less than the exercise price is said to be .....  
(A) OTM  
(B) ATM  
(C) ITM  
(D) None of the above
23. Duration is a measure of-\_\_\_\_\_.  
(A) Time structure of the bond  
(B) interest rate risk  
(C) time structure and market risk  
(D) None of the above
24. Default risk is lower in  
(A) Treasury bills  
(B) Government bonds  
(C) ICICI Bonds

(D) IDBI bonds

**25. CRISIL was floated in the year .....**

**(A) Jan 1st 1988**

(B) Jan 1st 1899

(C) Jan 1st 1977

(D) Jan 1st 1989

**26. Bombay stock exchange was established in the year**

(A) 1876

**(B) 1875**

(C) 1872

(D) 1975

**27. Among public sector mutual funds ..... Or ..... act as custodian**

(A) Sponsor or trustee

(B) Sponsor or AMC

(C) Trustee or AMC

**(D) Trustee or registrar**

**28. A growth industry is defined as**

(A) An industry with 15% rate of growth per annum

(B) An industry where demand for its product is growing

(C) An industry with high capital investment

**(D) An industry with the average growth higher than the growth of economy**

**29. A good example for systematic risk is .....**

**(A) Economic risk**

(B) Industry risk

(C) Information risk

(D) Product risk

**30. .... is the exchange of cash flow or a set of financial obligation between two parties over time**

(A) Option

(B) Future

(C) Forward

**(D) Swaps**

**31. .... risk is arise due to changes in the demand & supply in the market**

**(A) Market risk**

(B) Purchasing power risk

(C) Economic risk

(D) None of these

**32. .... shares were issues to the promoters or founders for services rendered to the company**

(A) Preference shares

**(B) Equity shares**

(C) Ownership shares

(D) Deferred shares

**33. The small fraction of mutual fund is called .....**

**(A) Share**

(B) Fund

- (C) Unit  
(D) None of the above
34. **Financial derivatives are the financial contract between the buyer and seller to buy or sell an ..... with a predetermined rate for a future rate**  
(A) Fixed asset  
(B) Underlying asset  
(C) Floating asset  
(D) None of these
35. **For investment purpose mainly using ..... & .....**  
(A) Owners fund & borrowed fund  
(B) Mutual fund & derivative fund  
(C) Loan & Mutual fund  
(D) None of the above
36. **The important govt. securities are .....**  
(A) Promissory note and stock certificate  
(B) Shares and mutual funds  
(C) Debenture and financial activities  
(D) None of the above
37. **Sacrifice of some present value for some uncertain future value is called**  
(A) Investment  
(B) Risk  
(C) Gambling  
(D) Speculation
38. **The speculator is always willing to take more risk for more .....**  
(A) Return  
(B) Loss  
(C) Funds  
(D) None of the above
39. **The main objective of every investors is .....risk**  
(A) Increase  
(B) Moderate  
(C) Reduce  
(D) None of the above
40. **Oldest form of financial derivatives**  
(A) Forward  
(B) Future  
(C) Options  
(D) Swaps
41. **If the market price exceeds the exercise price in case of put option is called .....**  
(A) ATM  
(B) OTM  
(C) ITM  
(D) None of the above
42. **Easy convertibility into cash is called .....**

- (A) Hedge against inflation
  - (B) Liquidity
  - (C) Capital appreciation
  - (D) None of the above
43. **CRISIL means .....**
- (A) Credit Rating Information Service India Ltd
  - (B) Credit Rating Index Service India Ltd
  - (C) Credit Rating Information Sensex India Ltd
  - (D) Credit Rating Information Sensex Index Ltd
44. **Call option is the right to .....**
- (A) Sell
  - (B) Buy/ purchased
  - (C) Re purchase
  - (D) None of the above
45. **An example for gambling is .....**
- (A) Banking
  - (B) Cricket
  - (C) Horse race
  - (D) Hockey
46. **.....is performing the function of investment banks for the mutual fund**
- (A) Sponsor
  - (B) Mutual fund trust
  - (C) Asset management company
  - (D) Custodian
47. **..... is the situation arises when the exercise price is equal to the current market price of the underlying asset**
- (A) OTM
  - (B) ATM
  - (C) ITM
  - (D) WTM
48. **..... Is a trust that pools the savings of a number of investors**
- (A) Financial derivatives
  - (B) Mutual fund
  - (C) Swaps
  - (D) Real estate
49. **..... risk is mainly affecting the debt securities like bonds and debentures**
- (A) Purchasing power risk
  - (B) Interest rate risk
  - (C) Market risk
  - (D) None of the above
50. **..... is the financial contract between the buyer and seller to buy or sell an underlying assets with a predetermined rate for a future date**
- (A) Bond
  - (B) Real estate
  - (C) Financial derivatives

(D) Ornaments

**51. What is risk?**

(A) Negative consequence that could occur

(B) Negative consequence that will occur

(C) Negative consequence that must occur

(D) Negative consequence that shall occur

**52. When a bank borrower, or counter party, fails to meet its payment obligations regarding the terms agreed with the bank, it is called**

(A) Market Risk

(B) Operational risk

(C) Liquidity risk

(D) Credit Risk

**53. When a bank chooses the wrong strategy or follow a long-term business strategy which might lead to its failure, it is called**

(A) Credit risk

(B) Operational risk

(C) Market risk

(D) Business risk

**54. The Yield to Maturity of a bond is the same as:**

(A) The present value of the bond

(B) The future value of the bond

(C) The bonds internal rate of return

(D) None of these

**55. Choose a sentence which speaks inappropriately about earning per share (EPS).**

(A) It indicates the net profit earned per share

(B) It influences dividend policy of the firm

(C) It does not influence the share holding pattern of the company

(D) It does not influence the market price of the share

**56. Sources of financing project cost excludes:**

(A) Trade Credit

(B) Leasing

(C) Subsidy

(D) Deferred Credit

**57. When there is a financial loss to bank arising from legal suits filed against the bank or by a bank for applying a law wrongly, it is called**

(A) Systematic risk

(B) Equity risk

(C) Market risk

(D) Legal Risk

**58. When the actions can lead to the entire financial system coming to a standstill, it is called**

(A) Market risk

(B) Equity risk

(C) Business risk

(D) Systematic risk

- 59. When the risk of losses in on- or off-balance sheet positions arise from movement in market prices, it is called**
- (A) Liquidity risk
  - (B) Systemic risk
  - (C) Business risk
  - (D) Market Risk**
- 60. When the bank is not able to have enough cash to carry out its day-to-day operations, it is called**
- (A) Liquidity risk**
  - (B) Systemic risk
  - (C) Business risk
  - (D) Market Risk