



U7981

Reg. No.:

Name:.....

**University of Kerala**

First Semester Degree Examination, November 2024

Four Year Under Graduate Programme

Multi Disciplinary Course

COMMERCE**UK1MDCCOM101 - FUNDAMENTALS OF INVESTMENT**

Academic Level: 100-199

Time: 1½ Hours**Max. Marks: 42****Part A****Answer All Questions Objective Type. 1 Mark Each.****(Cognitive Level: Remember/Understand)****6 Marks. Time: 6 Minutes**

Qn. No.	Question	Cognitive Level	Course Outcome (CO)
1	What does P.V. stand for in the time value of money formula? a) Present value b) Profit value c) Principal value d) Projected value	Remember	CO 3
2	What does compounding refer to in the context of time value of money? a) Earning interest on both the principal and previously earned interest b) Earning interest only on the principal amount c) Earning a fixed interest regardless of time d) Interest that decreases overtime	Remember	CO 3
3	Which of the following is a key reason to invest money? a) To spend more on luxuries b) To meet future financial goals c) To reduce your working hours d) To avoid paying taxes	Understand	CO 1

4	Which of the following is an example of market risk? a) A company going bankrupt b) A general decline in the stock market c) Rising inflation rate d) Changes in tax laws	Understand	CO 2
5	ETFs are typically composed of: a) A single asset class like real estate b) Only government securities c) A single company's stock d) A portfolio of different stocks, bonds or commodities	Understand	CO 4
6	What is the primary purpose of money market instruments? a) To provide short term liquidity b) To generate long term capital appreciation c) To raise money for infrastructure projects d) To earn high interest over many years	Understand	CO 4

Part B.

Answer All Questions Short Answer. 2 Marks Each.

(Cognitive Level: Understand/Apply)

8 Marks. Time: 24 Minutes

Qn. No.	Question	Cognitive Level	Course Outcome (CO)
7	What is the significance of risk return trade off?	Understand	CO 2
8	Compare savings and investment.	Understand	CO 1
9	How can an investor apply different criteria and strategies to select the most suitable investment avenue based on financial goals and risk tolerance?	Apply	CO 4
10	You invest 5000 in an account that earns 6% interest annually, compounded annually. What will the value of investment be after 5 years?	Apply	CO 3

Part C.

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

Long Answer. 7 marks each.

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

28 Marks. Time: 60 Minutes

Qn. No.	Question	Cognitive Level	Course Outcome (CO)
11.a	Show the importance of time value of money in the investment decision of an individual, with an example.	Apply	CO 3
11.b	OR Mr Ram wants to take a housing loan @10% interest per annum for a period of 5 years. Prepare a loan amortisation schedule and calculate the EMI and total interest on loan of Mr Ram.		
12.a	What factors contribute to an asset's risk and examine how can they affect expected returns?	Understand	CO 2
12.b	OR What role does risk play in investment decisions and how can an investor manage it?		
13.a	Evaluate the effectiveness of real estates as an investment avenue compared to mutual funds	Evaluate	CO 4
13.b	OR Examine the advantages and disadvantages of investing in Exchange Traded funds as an investment avenue		
14.a	Analyse the importance of investments in ensuring financial security of an individual	Analyse	CO 1
14.b	OR Examine the appropriate investment strategies for different phases of investment life cycle.		