

## Sample Questions

For

**Bachelor Of Commerce(Financial Markets)**

**No Branch-T.Y.BCom (F.M.)-Sem VI**

Following questions are provided for the benefits of students. These are indicative only.

### Strategic Corporate Finance

Sr. No.	
1	Strategic financial management focuses on _____
2	Strategic Financial Management takes into account _____
3	The security which is last claimant is _____
4	Financial decision involves _____
5	Which one of the following terms is defined as a conflict of interest between the corporate shareholders and the corporate managers?
	A. articles of incorporation
	B. corporate breakdown
	C. agency problems
	D. Bylaws
6	Strategic Financial Management Caters to the interest of _____
7	Strategic Financial Management Employs _____
	a. Contemporary Techniques
	b. Traditional Techniques
	c. Both (a) & (b)
	d. None of these
8	Considerations in cost reduction include _____
9	Design Modification is _____
10	Value chain analysis methodology includes _____
	a. Identification of industry value chain
	b. Diagnose the cost drivers
	c. Develop sustainable cost advantage
	d. All of the these
11	External failure cost includes _____

12	TQM is concerned with _____
13	Which is not a prevention cost _____
14	_____ is an approach to determine a product's life-cycle cost.
15	_____ is the process of determining various actual results with budgeted figures for the enterprise for the future period.
16	Private equity funds provide finance for _____
17	Zero interest bonds are issued at _____
18	Financial decisions are based on _____
19	Dividend on equity capital is always _____
20	Capital Structure combines _____
21	EPS depends on net profit available to _____ shareholders.
22	The proposition that the value of the firm is independent of its capital structure is called _____
23	A general rule for managers to follow is to set the firm's capital structure such that: _____
24	A company has a financial structure where equity is 70% of its total debt plus equity. Its cost of equity is 10% and gross loan interest is 5%. Corporation tax is paid at 30%. What is the company's weighted average cost of capital (WACC)?
25	The CAPM considers risk using the:
26	Cost of capital represents _____
27	Which one of the following is a capital structure decision?
	A. determining which one of two projects to accept
	B. determining how to allocate investment funds to multiple projects
	C. determining the amount of funds needed to finance customer purchases of a new product.
	D. determining how much debt should be assumed to fund a project.
28	A firm earns ₹1,00,000. The normal rate of return is 10%. The assets of the company amounted to ₹11,00,000 and liabilities to ₹1,00,000. Value of goodwill by the capitalization of average actual profit will be
29	Break-even indicates _____
30	Competitors Analysis is _____ analysis
31	The term _____ can be used in a broad sense to describe all the policies, procedures, relationships and systems in place to oversee the successful and legal operation of the enterprise.

32	Strategic plans are _____ term.
33	The assumptions underlying a company's financial planning model do not include:
34	Strategic planning is not the process of:
35	The purpose of strategic planning is to consider:
36	PPP model stands for _____
37	A capital investment is one that _____
	a) Has the prospect of short term benefit
	b) Is only undertaken by large corporations
	c) Applies only to investment in fixed assets
	d) Has the prospect of long term benefit
38	P/E Ratio refers to _____
39	Intrinsic value is known as _____
40	Goodwill is a/an _____
41	Shareholders wealth increases with the increase in _____
42	Listed companies can be valued at _____
43	How is the P/E ratio calculated?
44	A firm's goodwill is not affected by _____
45	Under the capitalisation method, the formula for calculating the goodwill is
46	How Super profit is calculated?
47	Rate of interest is 11% and the rate of risk is 9%. The normal rate of return is _____.
48	F.M.P. for yield valuation is _____.
49	MBO occurs when existing growth is _____.
50	Quoted shares are those shares which are _____.
51	Credit Risk is also referred to _____.
52	_____ risk arises due to marketing and distribution
53	Review of Accounting quality is included in _____ Analysis.
54	Expert system is a _____ method.
	a. Credit Discrepancy
	<b>b. Credit Assessment</b>
	c. Credit spread
	d. Credit Discrepancy
56	Cash management strategy is

57. Corporate Strategies include _____
58. Strategic financial management focuses on _____
59. The security which is last claimant is _____
60. EPS depends on net profit available to _____ shareholders.
61. Dividend is payable to _____
62. What is the difference between economic profit and accounting profit?
63. Net worth includes _____
64. Which one of the following is a capital structure decision?
A. determining which one of two projects to accept
B. determining how to allocate investment funds to multiple projects
C. determining the amount of funds needed to finance customer purchases of a new product.
D. determining how much debt should be assumed to fund a project.
65. Financial decision involves _____
66. In _____ Approach, the capital structure decision is relevant to the valuation of the firm.
67. Which of the following is not used in Capital Budgeting?
a. Time Value of Money
b. Sensitivity Analysis
c. Net Assets Method
d. Cash Flows
68. Capital Budgeting Decisions are based on:
69. Depreciation is incorporated in cash flows because it is _____
70. Risk in Capital budgeting implies that the decision-maker knows _____ of the cash flows.
71. The project can be selected if its profitability index is more than _____.
72. Which of the following is a risk factor in capital budgeting?
a. Industry specific risk factors
b. Competition risk factors
c. Project specific risk factors
d. (a) (b) and (c)
73. Savings in respect of a cost is treated in capital budgeting as _____
74. Evaluation of Capital Budgeting Proposals is based on Cash Flows because _____
75. Which of the following statements is correct?
a. If $PI < 1$ , its NPV is less than zero

b. If $PI = 0$ , its NPV is greater than zero
c. If $PI > 1$ , its NPV will be negative
d. PI is a project is always greater than one
76. Project costing Rs.800000 and a life of 5 years is expected to bring cash inflows of Rs.200000 p.a. What is the payback period?
77. Cost of capital represents _____
78. Capital Structure combines _____
79. Shareholders wealth increases with the increase in _____
80. Listed companies can be valued at _____
81. How is the P/E ratio calculated?
82. A general rule for managers to follow is to set the firm's capital structure such that:
83. A company has a financial structure where equity is 70% of its total debt plus equity. Its cost of equity is 10% and gross loan interest is 5%. Corporation tax is paid at 30%. What is the company's weighted average cost of capital (WACC)?
84. Which one of the following statements is correct concerning the weighted average cost of capital (WACC)?
a. The WACC may decrease as a firm's debt-equity ratio increases.
b. When computing the WACC, the weight assigned to the preferred stock is based on the coupon rate multiplied by the par value of the stock.
c. A firm's WACC will decrease as the corporate tax rate decreases.
d. The WACC will remain constant unless a firm retires some of its debt
85. _____ is one that maximizes value of business, minimizes overall cost of capital, that is
86. _____ is the minimum required rate of earnings or the cut off rate of capital expenditure.
87. The restructuring of a corporation should be undertaken if
a. the restructuring can prevent an unwanted takeover.
b. the restructuring is expected to create value for shareholders.
c. the restructuring is expected to increase the firm's revenue
d. the interests of bondholders are not negatively affected.
88. A firm that acquires another firm as part of its strategy to sell off assets, cut costs, and operate the remaining assets more efficiently is engaging in _____.
89. The par value of the stocks and bonds outstanding is termed as _____.

90. _____ describes an index measure of systematic risk.
91. Combination of two or more companies that compete directly with each other is known as a
92. _____ is referred to as “a going private transaction” initiated by incumbent management?
93. The corporate governance structure of a company reflects the individual companies:
a. Cultural and economic system.
b. Legal and business system.
c. Social and regulatory system.
d. (a)(b) and (c)
94. What are the earnings per share (EPS) for a company that earned Rs. 100,000 last year in after-tax profits, has 200,000 common shares outstanding and Rs. 1.2 million in retained earning at the year end?
95. If the weighting of equity in total capital is 1/3, that of debt is 2/3, the return on equity is 15% that of debt is 10% and the corporate tax rate is 32%, what is the Weighted Average Cost of Capital (WACC)?
96. In India Commercial Papers are issued as per the guidelines issued by _____.
97. Dividend which is declared before declaration of final dividend is called as_____
98. Agency theory is based on the assumption that_____
99. Capital rationing helps in _____ shareholders wealth.
100. The Committee appointed by SEBI on Corporate Governance was chaired by _____.
101. Corporate Strategies include _____

## ORGANIZATIONAL BEHAVIOUR

### TYBFM SEMESTER -VI Regular Question Paper

Following questions are provided for the benefits of students. These are indicative only.

#### Subject: Organizational Behaviors

- Q1. Organization structure primarily refers to \_\_\_\_\_.
- Q2. The purpose of job enrichment is to \_\_\_\_\_.
- Q. 3 The field of organisational behaviour examines such questions as the nature of leadership, effective team development, and \_\_\_\_\_
- Q.4 . \_\_\_\_\_ embodies a team concept, is based on the principle of mutual contribution by employer and employees
- 5.Meso organisation behaviour is related with \_\_\_\_\_
- 6.“Leadership motivates the people to work and not the power of money”, this concept is related to \_\_\_\_\_.
- 7.Which of the following is not correct for the organisational behaviour?
- 8.An individual can cope with stress through \_\_\_\_\_.
9. Conflict that ends up being "functional" for the people and organization involved would most likely be \_\_\_\_\_.
10. \_\_\_\_\_ conflict occurs in the form of a fundamental disagreement over ends or goals and the means for accomplishment.
- 11.Meaning of Personality is \_\_\_\_\_
- 12.Learning is nothing but change in \_\_\_\_\_
- 13.Reinforcement is some type of \_\_\_\_\_ which follows the performance of an activity.
14. \_\_\_\_\_ refers to the process through which individual's attempt to determine the causes of others behavior.
- 15. Emotions are usually accompanied by distinct \_\_\_\_\_ expression.
16. \_\_\_\_\_ Communication is described as the flow of information from people of higher authority to people of lower levels of authority.
17. \_\_\_\_\_ allows employees in an organization to have meetings with people at different locations .
18. \_\_\_\_\_ power is dependent on fear .
- 19.An Organization that is characterized by \_\_\_\_\_ trust encourages politics .

20. . Sharing of information is \_\_\_\_\_ in distributive bargaining .
21. The most desirable Life position is \_\_\_\_\_.
22. \_\_\_\_\_ is defined as any act of recognition for another.
23. Anonymity is an advantage of \_\_\_\_\_ technique.
24. Response is given to \_\_\_\_\_
25. \_\_\_\_\_ refers to the degree to which decision making is concentrated at a single point in the Organization.
26. \_\_\_\_\_ is seen I dirty world.
27. \_\_\_\_\_ refers to the stability in the environment when an organization can predict change accurately .
- 28 The \_\_\_\_\_ is the number of subordinates in an organization who are supervised by Managers.
29. An \_\_\_\_\_ is a representation of an Organization's internal structure.
- 30.A promotion should be preceded by a job analysis and \_\_\_\_\_ appraisal.
- 31.The \_\_\_\_\_ is based on the environment. Though \_\_\_\_\_ like thinking, expectations and perception do exist, and they are not needed to manage or predict
- 32.**Which of the following represents the correct sequencing of historical developments of Organisational Behaviour?
- 33.Which one of the following is true of Reward Power?
34. Which one of the following are characteristics of downward communication?
- 35.** Advantages of group decision making are \_\_\_\_\_
- 36.In an Organization the departmentalization consists of \_\_\_\_\_
- 37.A number of studies have found that organization climate has a direct impact on \_\_\_\_\_
- 38.The four elements of Organizational behavior are \_\_\_\_\_
39. Which of the following statements is true about stress management \_\_\_\_\_

**40.Match the column:**

- |                          |                             |
|--------------------------|-----------------------------|
| a. self-monitoring       | i) birth order              |
| b. personality           | ii) impression management   |
| c. psychoanalytic theory | iii) Openness to experience |
| d. locus of control      | iv) oral stage              |



v) Cardinal trait

- 41) \_\_\_\_\_ is the outcome of certain external and internal forces
- 42) In the S O B model for human actions, S stands for
- 43) According to B J Kolasa, \_\_\_\_\_ are processed at our \_\_\_\_\_ and converted to appropriate responses
- 44) Basis of human behavior is motivation
- 45) The \_\_\_\_\_ defines heredity as 'the process by which characteristics are given from a parent to a child through the genes.
- 46) \_\_\_\_\_ is defined as an interdisciplinary behavioral science, studying phenomenon related to dynamics of an organization and their various human science.
- 47) An organization as a unit consists of social, technical-----
- 48) An organization as a unit consists of social, technical and economic sub-units which co-ordinate human and material resources to achieve its goal
- 49) \_\_\_\_\_ is another term used to denote Organization behavior.
- 50) "Human relations is a systematic, developing body of knowledge devoted to explaining the behavior of individuals in an organization."--- ????
51. Fred Luthans describes \_\_\_\_\_ as understanding, predicting and managing human behavior in an organization
52. Personality reflects in one's-----.
53. Every human being is in some respects:
54. In Psychometric theory of Cattell, ----- primary and ----- most representative traits have been identified.
55. One's inclination to respect others is known as:

56. What corrects problems of conflict?

57. Conflicts can be helpful and constructive if -----

58. Basic types of conflicts are :

59. Ignoring a conflict is more desirable than smoothening it.

60. Undefined and unclear job expectation can give rise to conflict that is

61. One single factor that mainly contributes to reducing conflict is:

62. ----- identified certain behaviors that he called aggressive behaviors.

63. ----- is a carefully structured set of directions that gives management some flexibility so that it can manipulate and gear others towards a predetermined object.

64. ----- in his book on OB, uses the terms, 'negotiation' and 'bargain' interchangeably.

65. In comparison to pooled and sequential interdependence, mutual dependence or reciprocal interdependence between groups leads to high level of ----- and interaction.

66. When the marketing department and the production department in a company depend on each other for the production and sales (respectively) of products, they show -----

67. How judiciously we use our ----- decides our effectiveness.

68. Postponing taking action is also known as:

69. Time is not available. It has to be -----

70. An individual's behavior is caused by -----

71. An attitude can be described as -----

72. -----, the management guru, observed that, if procrastination is taken care of in an organization, the productivity would go up by about 50%.

73. Perfectionism is a very ----- attitude.

74. ----- is one of the great motivators of the 21<sup>st</sup> century

75. ----- defines success as the progressive realization of worthwhile, predetermined goals.

76. When a person has a headache, it is the need for pain relief that motivates him/her to search of a pain killer.

77. The word arousal indicates:

78. Eustress is caused by -----

79. Visualizing worst possible outcome of any situation, an individual

80. With modern therapy and self observation, it is possible to -----

81. The most precious resource we possess is \_\_\_\_\_.
82. Skills of workers, protocols for answering phones, replying to mails etc are all matters of \_\_\_\_\_.
83. In an organization, good performances can be encouraged by giving rewards. Rewards must be proportionate to \_\_\_\_\_.
84. Operant conditioning or theory of reinforcement is associated with the work of:
85. \_\_\_\_\_ was a pioneering theorist in the field of cognitive psychology.
86. \_\_\_\_\_ is another term used to denote Organization behavior.
87. "Human relations is a systematic, developing body of knowledge devoted to explaining the behavior of individuals in an organization."---
88. Fred Luthans describes \_\_\_\_\_ as understanding, predicting and managing human behavior in an organization.
89. Personality reflects in one's-----.
90. Every human being is in some respects \_\_\_\_\_.
91. In Psychometric theory of Cattell, ----- primary and ----- most representative traits have been identified.
92. One's inclination to respect others is known as \_\_\_\_\_.
93. Personality is determined by \_\_\_\_\_.
94. Behavioral theories can be classified as: \_\_\_\_\_.
95. Basis of human behavior is -----.
96. The \_\_\_\_\_ defines heredity as 'the process by which characteristics are given from a parent to a child through the genes.'
97. \_\_\_\_\_ is defined as an interdisciplinary behavioral science, studying phenomenon related to dynamics of an organization and their various human science.
98. An organization as a unit consists of social, technical and economic sub-units which co-ordinate human and material resources to achieve its goals.
99. In the S O B model for human actions, S stands for \_\_\_\_\_.
100. According to B J Kolas a, \_\_\_\_\_ are processed at our \_\_\_\_\_ and converted to appropriate responses.









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**For**  
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**No branch – T.Y.BCom(F.M)- Sem VI**

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**Risk Management**

- 1 \_\_\_\_\_ is defined as volatility of actual returns from an investment with respect to expected returns.
- 2 \_\_\_\_\_ refers to gain expected by investor from investments made by him.
- 3 \_\_\_\_\_ is defined as method of determining risks that could possibly prevent the program, enterprise, or investment from achieving its objectives.
- 4 \_\_\_\_\_ risk is defined as possible source of loss that may come from the search of an unsuccessful business plan
- 5 \_\_\_\_\_ risk includes failure of people, system or processes of an organisation.
- 6 \_\_\_\_\_ risk arises when one party fails to fulfil its obligation.
- 7 \_\_\_\_\_ is the first step in the process of Risk Management
- 8 \_\_\_\_\_ is the second step in the process of Risk Management
- 9 \_\_\_\_\_ is the third step in the process of Risk Management.
- 10 \_\_\_\_\_ is the fourth step in the process of Risk Management
- 11 \_\_\_\_\_ is the fifth step in the process of Risk Management
- 12 \_\_\_\_\_ implies a situation where the future events are not yet known
- 13 A company's \_\_\_\_\_ risk is associated with the company's use of financial leverage and debt financing.
- 14 \_\_\_\_\_ risk involves the risk of changing conditions in the specific marketplace in which a company competes for business
- 15 \_\_\_\_\_ risk is the risk businesses suffer by extending credit to customer.
- 16 \_\_\_\_\_ risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or to make required profit.



- 17 \_\_\_\_\_ is one of the most widely used techniques to determine the creditworthiness of borrower.
- 18 \_\_\_\_\_ risk refers to the basic sustainability of a business, the question of whether a company will be able to make sufficient sales and generate sufficient revenues to cover its operational expenses and turn a profit.
- 19 Two components of Liquidity Risk are Asset Liquidity Risk & \_\_\_\_\_
- 20 \_\_\_\_\_ is the total exposed amount that an organisation wants to undertake on the basis of risk return trade-offs for one or more desired and expected outcomes.
- 21 \_\_\_\_\_ is a party that has an interest in a company, and can either affect or be affected by the business.
- 22 The \_\_\_\_\_ of an asset's rate of return can be found as a sum of squared deviation of each possible rate of return from expected rate of return multiplied by probability that the rate of return occurs.
- 23 \_\_\_\_\_ is the square root of variance of rate of return
- 24 \_\_\_\_\_ refers to maximum loss on a given asset over a given period of time at a given confidence level.
- 25 \_\_\_\_\_ explains relation between systematic risk of a portfolio or security and market risk.
- 26 \_\_\_\_\_ refers to change in output with change in one or more input variables.
- 27 \_\_\_\_\_ is defined as study of change in returns from financial asset due to change in one or more input variable.
- 28 \_\_\_\_\_ risk refers to risk arising from political instability in a country or sudden change in policies of a country due to change in government
- 29 \_\_\_\_\_ is defined as actual or potential threat of negative effects on living organisms and environment by wastes, emissions, wastes etc coming out of an organisation's activities.
- 30 \_\_\_\_\_ is the potential for loses due to regulatory or legal action.
- 31 \_\_\_\_\_ is the risk arising from fluctuations in commodity prices.
- 32 \_\_\_\_\_ refers to risk arising from volatility of exchange rate.
- 33 \_\_\_\_\_ risk is the risk due to possible changes in spreads.
- 34 \_\_\_\_\_ risk arises if there is maturity mismatch between liabilities and offsetting assets.

- 35 \_\_\_\_\_ is the risk that arises from volatility of interest rates in economy.
- 36 \_\_\_\_\_ is the risk that arises from stock market volatility
- 37 Market risk is most commonly known as \_\_\_\_\_ risk
- 38 \_\_\_\_\_ means making investment into products other than traditional ones like Equity, bond, cash etc.
- 39 REIT Stands for \_\_\_\_\_
- 40 \_\_\_\_\_ is defined as a security which allows investors to invest directly in real estate either in form of properties or mortgages.
- 41 \_\_\_\_\_ REIT is combination of Equity & Mortgage REIT
- 42 Gold \_\_\_\_\_ are units representing physical gold, which may be in paper or dematerialized form.
- 43 \_\_\_\_\_ refers to equity which is not traded on public exchange
- 44 \_\_\_\_\_ is the ease with which a country's currency can be converted into gold or another currency.
- 45 \_\_\_\_\_ account convertibility suggests that the Indian rupee can be converted to any foreign currency at existing market rates for trade purposes for any amount.
- 46 \_\_\_\_\_ account convertibility allows freedom to convert local financial assets into foreign financial assets and vice-versa
- 47 A new Foreign Investment Policy was announced in July \_\_\_\_\_
- 48 The Indian Foreign Exchange Market is made up of the buyers, sellers, market mediators and the \_\_\_\_\_
- 49 Derivatives are instruments related to settlement of obligations at a \_\_\_\_\_.
- 50 Futures and Options contract are usually transacted on \_\_\_\_\_.
- 51 A drawback of forward contracts is that they are subject to \_\_\_\_\_ risk.
52. The primary purpose of derivative product is to \_\_\_\_\_
53. Trading in derivatives provide following two important functions \_\_\_\_\_.

54. A \_\_\_\_\_ is an agreement wherein two parties agree to exchange two different streams of cash flows over a definite period of time on pre-determined terms.
55. Hedging is a tool for \_\_\_\_\_ risk
56. \_\_\_\_\_ of an option illustrates the relationship between the spot price and the exercise price of the option.
57. An option when exercised results in positive cash flow to the holder of the option then the moneyness of the option is said to be \_\_\_\_\_
58. An option when exercised results in nil cash flow to the holder of the option then the moneyness of the option is said to be \_\_\_\_\_
59. An option when exercised results in negative cash flow (Cash Outflow) to the holder of the option then the moneyness of the option is said to be \_\_\_\_\_
60. An option is an agreement between two parties, which gives the buyer of the option \_\_\_\_\_, to buy or sell pre-decided quantity and quality of an underlying asset.
61. A firm which have to make payments in foreign currency should take \_\_\_\_\_ position in derivatives.
62. Firm having foreign currency receivables should take \_\_\_\_\_ position in derivatives to hedge exchange risk.
63. \_\_\_\_\_ involves buying future contracts to hedge against increase in value in value of asset
64. \_\_\_\_\_ involves selling future contract to hedge against decline in value of asset.
65. \_\_\_\_\_ strategy requires creating an opposite exposure in the currency in which the firm have original exposure
66. \_\_\_\_\_ exposure arises from the need to convert values of assets and liabilities denominated in a foreign currency into the domestic currency
67. Which of the following is type of Forex Risk
68. \_\_\_\_\_ refers to sensitivity of changes in real domestic currency value of assets and liabilities
69. \_\_\_\_\_ is defined as second order derivative of change in price to change in interest rates.
70. \_\_\_\_\_ is the measure of the curvature of the price-yield relationship.

- 71 \_\_\_\_\_ duration is the weighted average term to maturity of the cash flows from a bond.
- 72 \_\_\_\_\_ is defined as first order derivative of price with respect to interest rate
- 73 \_\_\_\_\_ is agreement where two or more parties agree to exchange interest obligation or income over a period of time which is specified in swap agreement.
- 74 A \_\_\_\_\_ swaption gives its holder right to enter into a swap as a floating rate payer.
- 75 A \_\_\_\_\_ Swaption gives its holder right to enter into a swap as fixed rate payer
- 76 \_\_\_\_\_ is a type of bond that makes no coupon payments but instead is issued at a considerable discount to par value.
- 77 \_\_\_\_\_ is a bond that is issued in a domestic market by a foreign entity, in the domestic market's currency.
- 78 A bond issued in a currency other than the currency of the country or market in which it is issued is known as \_\_\_\_\_.
- 79 LIBOR Stands for \_\_\_\_\_.
- 80 The simplest way of valuing a fix income instruments is to \_\_\_\_\_ all future cash flows and then add them.
- 81 The \_\_\_\_\_ segment of the bond market is traditionally made up of investment banks and other financial institutions that help the issuer to sell the bonds in the market.
- 82 The market for \_\_\_\_\_ securities comprises the centre, state and state sponsored securities.
- 83 The \_\_\_\_\_ are generally treated as substitutes of sovereign paper, sometimes due to clear guarantee and often due to the comfort of public ownership
- 84 \_\_\_\_\_ is a type of convertible bond issued in a currency different than the issuer's domestic currency.
- 85 A \_\_\_\_\_ is a line that plots the interest rates, at a set of point in time, of bonds having equal credit quality but different maturity dates.
- 86 The shape of \_\_\_\_\_ gives an idea of future interest rate changes and economic activities
- 87 There are three types of yield curve shapes: normal, \_\_\_\_\_ and flat (or humped)
- 88 A \_\_\_\_\_ yield curve is one in which longer maturity bonds have a higher yield compared to shorter-term bonds due to the risks associated with time

- 89 An \_\_\_\_\_ yield curve is one in which the shorter-term yields are higher than the longer term yields, which can be a sign of upcoming recession.
- 90 In a \_\_\_\_\_ or humped yield curve, the shorter and longer term yields are very close to each other, which is also a predictor of economic transition
- 91 YTM Stands for \_\_\_\_\_.
- 92 The \_\_\_\_\_ of a bond is that rate which equates the discounted value of the future cash flows to the present price of the bond.
- 93 \_\_\_\_\_ = Annual Coupon Receipts/Market Price of the bond
- 94 \_\_\_\_\_ Yield does not consider the time value of the money, or the complete series of expected future cash flows
- 95 When bonds are traded at different prices during a day, the yield for the day is usually reported as the \_\_\_\_\_ Yields, the weights being the market values of the trade.
- 96 The actual yield realised by the investor in a bond, over a given holding period, is called \_\_\_\_\_.
- 97 \_\_\_\_\_ represents the horizon return to the investor, from all the three components of bond return, namely, coupon, return from re-investment of coupon and capital gain/loss from selling the bond at the end of the holding period.
- 98 The basic bond valuation equation shows that the yield and price are \_\_\_\_\_ related.
- 99 Price-yield relationship between bonds is \_\_\_\_\_.
- 100 With decline in credit rating, prices of bonds will \_\_\_\_\_ as probability of company defaulting increases
- 101 An investor bought 20 shares of ABC Ltd at Rs. 150 per share. After 2 years he sold the same at Rs 200 per share. During the period he earned, dividend Rs 200. He also paid commission of Rs. 200 to the broker. Calculate return earned by the investor.
- 102 An investor brought a share of ABC Ltd. at Rs. 100. After a year investor sold the share at Rs 110/-. Dividend received by the investor during the period is Rs. 5/-. Calculate Returns earned by the Investor.
- 103 An investor invested in bond of XYZ Ltd. Coupon of bond is 10 % . After a year bond will redeem at face value of Rs. 100/-. Investor brought bond at discount of 10% to face value. Calculate returns of investors?
- 104 Calculate expected rate of return

Situation	Probability	Stock Return
Normal	0.3	15 %
Recession	0.4	20 %
Boom	0.3	12 %

105 Calculate expected rate of return

Situation	Probability	Stock Return
Normal	0.3	25 %
Recession	0.2	40 %
Boom	0.5	-10 %

106 Match the Column

Type of Risk	Meaning
1. Equity Risk	a. Stock Price Volatility
2. Interest Rate Risk	b. Volatility of Interest Rate in economy
3. Term Structure Risk	c. Maturity Mismatch between liabilities and offsetting assets

107 Covariance between the return on security i and the return on market portfolio = 11  
Variance of return on the market portfolio = 10  
Calculate Beta

108. Covariance between the return on security i and the return on market portfolio = 0.21  
Beta = 0.011  
Calculate Variance of return on the market portfolio

109 Match the Column

Moneyness of Option	Cash Flow
1. OTM	a. Negative Cash Flow
2. ATM	b. Nil Cash Flow
3. ITM	c. Positive Cash Flow

## Venture Capital – All Chapter – MCQ

1. The term \_\_\_\_\_ refers financial investment in highly risky and growth oriented venture with the objective of high rate of return.
2. \_\_\_\_\_ is the road towards a high growth economy. a.  
Venture Capital
3. \_\_\_\_\_ act as an intermediary to link up the sources of ideas and sources of funds.
4. \_\_\_\_\_ is needed for developing a product in tal stagel
5. The purpose of valuation is to access the \_\_\_\_\_ and viability of the venture and to divide the percentage of VCF ownership in the new venture.
6. Second stage financing is provided for \_\_\_\_\_.
7. Mezzanine funding or bridge financing is provided \_\_\_\_\_.
8. First stage financing is provided for \_\_\_\_\_.

9. Seed financing is provided for \_\_\_\_\_
10. SWOT stands for \_\_\_\_\_.
11. \_\_\_\_\_ provide long term committed share capital to help new companies to grow and succeed.
12. \_\_\_\_\_ is a broad term that refers to any type of non-public ownership that are not listed.
13. \_\_\_\_\_ shares are equity shares with special rights.
14. \_\_\_\_\_ are in the business of promoting growth and managing associated risk.
15. \_\_\_\_\_ firms provide loan finance that is halfway between equity and secured debt.



16. Acquisition financing is provided for \_\_\_\_.
17. Start up financing is provided for \_\_\_\_.
18. \_\_\_\_ sits between public equity and outright ownership in terms of investment horizon and corporate control.
19. A \_\_\_\_ is a form of investment club in which the principal investors are institutional investors and private equity fund managers themselves.
20. Private Equity is a \_\_\_\_ investment as its market price can not be determined and can not be transferred for a certain period of time.
21. \_\_\_\_ is an open ended investment fund where there is no restriction and easily all assets are mark to market.
22. \_\_\_\_ possess professional expertise and play a promotional role in organizing a perfect match between supply and demand for capital.
23. \_\_\_\_ is made of endowment funds, high net worth individuals, institutions.
24. \_\_\_\_ manages and controls the Private equity Fund.
25. \_\_\_\_ aims at reducing risk, enhance return and minimize the correlation with equity and bond market.
26. SPV stands for \_\_\_\_.

a. Special Purpose Vehicle b.  
Special 27. \_\_\_\_\_ capital is  
raised to buy equity stakes  
in high potential companies.

28. Under \_\_\_\_ fund structure, an investment vehicle in the limited liability  
organized in offshore in tax favourable jurisdiction to invest in Indian  
companies.

29. \_\_\_\_ structure is used when only domestic investors participate in the fund.

30. A \_\_\_\_\_ structure is the combination of offshore and domestic investment funds together.
31. Private Equity fund typically operates as limited partnership which is controlled by a private equity firm referred to as \_\_\_\_\_
32. \_\_\_\_\_ is entitled to a share in profits on the Private Equity fund's investment.
33. The \_\_\_\_\_ partner has unlimited liability to third parties.
34. LBO stands for \_\_\_\_\_
35. \_\_\_\_\_ valuation is the act or process of assessing value of financial asset or liability.
36. The \_\_\_\_\_ is expected to compensate investors for giving up access to their capital.

37. The \_\_\_\_\_ trade-off is an effort to achieve a balance between the desire of low risk and high return.
38. \_\_\_\_\_ multiple is commonly based on an assumption as to the normalised level of earning that can be generated from the revenue.
39. The \_\_\_\_\_ concerns' expected earnings at the initial stage and also at the time of quitting will be taken into account.
40. Which is not correct method of Valuation of private equity
41. \_\_\_\_\_ expects to emphasize investments in existing private companies that are expanding through growth strategies or stages of business cycle.
42. A \_\_\_\_\_ is a transaction that companies use to acquire other business.

44. \_\_\_\_\_ is a hybrid of debt and equity financing that is typically used to finance the expansion of existing companies.

45. Venture Capital and growth capital are parts of \_\_\_\_\_.

46. A Leverage Buy Out involves \_\_\_\_\_.

48. Leverage Buy Out (LBO), Growth Capital, Mezzanine financing are part of \_\_\_\_\_ strategies.

49. \_\_\_\_\_ allow for the sale of companies that are in distress or going through turnaround.

50. \_\_\_\_\_ refers to an examination of a potential investment to conform all material facts of the prospective business opportunities.

51. Private Equity funds typically have fixed life spans of about \_\_\_\_\_ years.
52. When a fund exits its investment through an \_\_\_\_\_, it does so through an offering of shares to the public of either the portfolio company or parent holding company.
53. The \_\_\_\_\_ can easily look out for a full exit from its investment in a relatively short time and for an easily demonstrated price.
54. The \_\_\_\_\_ concern that an exit of the fund in the IPO tells investors that the company has limited upside, which is the wrong message to send.
55. A sale of the portfolio company to another private equity firm also known as \_\_\_\_\_ in private equity.
56. The \_\_\_\_\_ is done for speed, liquidity and control.
57. \_\_\_\_\_ is a partial exit strategy in which a company restructure its capital by portfolio company issuing new debt to pay special dividend to private investor.
58. A \_\_\_\_\_ is a combination of two or more companies into one unit. a. Merger  
b. Buy Back  
c. IPO  
d. Merger & Acquisition
59. The majority of venture capital exits have been achieved through \_\_\_\_\_ whereby company's shares are being sold to another company, perhaps in the same industry.
60. \_\_\_\_\_ is a road towards high growth economy.
61. \_\_\_\_\_ is an open ended investment fund where there is no restriction on the transferability of funds and assets are readily marked to market.
62. \_\_\_\_\_ possess professional expertise and play a promotional role in organizing a perfect match between the supply and demand for capital in the market.
63. \_\_\_\_\_ structure is

generally  
used where  
domestic  
investors are  
also expected  
to participate  
in the fund.

64. Private equity funds typically operate as a limited partnership which is controlled by a private equity firm referred to as the \_\_\_\_\_.

65. \_\_\_\_\_ is a hybrid of debt and equity financing that is typically used to finance the expansion of existing companies.

66. Venture Capital and Growth capital both are parts of \_\_\_\_\_.

67. \_\_\_\_\_ is when an unlisted company makes either a fresh issue of securities or an offer for sale of its existing securities or both for the first time to public.

68. \_\_\_\_\_ is a scheme wherein the companies repurchase their own shares from its shareholders.

69. Business \_\_\_\_\_ is the act or process of assessing value or price of financial asset or liability.

70. FEMA Regulations are passed in \_\_\_\_\_.

71. \_\_\_\_\_ is the risk investor is not able to pay their capital commitment to private equity fund.

72.\_\_\_\_\_ is the risk of doing a transaction which is not as per the prevailing rules and laws of the country.



**Mutual Fund Management**  
**TYBFM – Semester VI , Sep. 2020**  
**Sample Questions**

S. No	Question
1	SWP stands for _____ <ul style="list-style-type: none"> <li>• Systematic Whining Pain</li> <li>• Systematic Whining Plan</li> <li>• Systematic Withdrawal Plan</li> <li>• Systematic Withdrawal Pain</li> </ul>
2	Money Markets refers to that part of the debt market where the maturity is _____ <ul style="list-style-type: none"> <li>• Less than 1 year</li> <li>• Less than 1 month</li> <li>• Less than 6 month</li> <li>• More than 1 year</li> </ul>
3	Advantages of investing in mutual funds include all of the following except _____ <ul style="list-style-type: none"> <li>• Diversification of your investment</li> <li>• Professional management</li> <li>• Meeting specific investment goals</li> <li>• There is virtually no risk of loss</li> </ul>
4	The _____ is the market value of the securities that a mutual fund has purchased minus any liabilities. <ul style="list-style-type: none"> <li>• Book value</li> <li>• Net asset value</li> <li>• Gross asset value</li> <li>• Net worth value</li> </ul>
5	Which of the following is not a true statement about mutual fund? <ul style="list-style-type: none"> <li>• All requires a minimum investment</li> </ul>

	<ul style="list-style-type: none"> <li>• All have a same investment goal</li> <li>• The calculation of net asset value is the same.</li> <li>• All have a management expense ratio</li> </ul>
6	<p>Which of the following expenses is usually the highest for a mutual fund?</p> <ul style="list-style-type: none"> <li>• Management fees</li> <li>• Administrative fees</li> <li>• 12b-1 fees</li> <li>• Referral fees</li> </ul>
7	<p>A mutual fund that does not charge investors a fee and sells direct to investors is an _____ mutual fund.</p> <ul style="list-style-type: none"> <li>• No load</li> <li>• Full load</li> <li>• Partial load</li> <li>• Semi load</li> </ul>
8	<p>An _____ is a document that provides financial information about a mutual fund, including expenses and past performance.</p> <ul style="list-style-type: none"> <li>• Annual report</li> <li>• Prospectus</li> <li>• Financial statement</li> <li>• Balance sheet</li> </ul>
9	<p>Which of the following is not included in the prospectus?</p> <ul style="list-style-type: none"> <li>• Redemption fee</li> <li>• Expenses including management fees</li> <li>• Expenses including advertising and marketing fees</li> <li>• Advice on when to buy and sell</li> </ul>
10	<p>Which of the following is not the right classification of funds?</p> <ul style="list-style-type: none"> <li>• Pension and Insurance funds</li> <li>• Open ended and close ended funds</li> <li>• Load and No load funds</li> <li>• Tax free and Tax exempt funds</li> </ul>

11	A Mutual fund can benefit from economies of scale because of _____
12	A money market fund usually invest in _____
13	Trustees are appointed by _____
14	The call money market is regulated by _____
15	Mutual fund should disclose their return for _____
16	Private sector mutual funds were permitted in the year _____
17	The minimum number of members on the Board of trustees is _____
18	At least _____ of trustees have to be independent
19	Portfolio has to be disclosed to investors once in _____
20	Mutual funds investors cannot control _____ of a fund.
21	Mutual funds can invest only in _____ securities.
22	If the fundamental attributes of a scheme have to be changed unit holder have a right to exit at _____ load
23	Repurchase price cannot be less than _____ of sale price.
24	_____ option is for those investor who are looking for capital appreciation
25	In case of _____ - reinvestment option the investor chooses to reinvest the dividend in the scheme.
26	_____ mutual funds investor have to bear securities transaction tax (STT)
27	Close Ended fund issues a fixed number of shares that are traded on the _____
28	Full form of STT
29	Full form of KYC
30	Full form of KIM
31	Full form of AMFI
32	Full form of NFO
33	Full form of AMC
34	Full form of ETF
35	A capital gain is a difference between your purchase value and _____ value
36	_____ is also sometimes referred to as Net Book value
37	Which one of these was the first private mutual fund company in India?

	<p>a)Kothari Pioneer</p> <p>b)Krishna finance</p> <p>c)Reddy finance</p> <p>d)Shivaji Bikaji Zaware charter</p>
38	<p>which of these is not an aggressive investment</p> <p>a)exchange-traded funds</p> <p>b)index fund</p> <p>c)value fund</p> <p>d)growth fund</p>
39	Which fund is are riskier than large-cap fund
40	._____is called a balanced fund
41	corporate Bond funds carry an average maturity of more than _____month
42	<p>security using does not pay regular interest but accumulate the interest and pay it along with the principal when securities mature</p> <p>a)International Bond</p> <p>b)monthly income</p> <p>c)arbitrage funds</p> <p>d)zero-coupon</p>
43	._____funds invest outside the country?
44	which one of these are features of SIP?
45	The exchange-traded fund falls under which classification of mutual fund schemes
46	._____fund attract foreign capital for investment
47	General market fluctuations, which affect all the securities, present in the market, called .....
48	Market fluctuations, due to specific securities present in the portfolio of the fund, called .....
49	..... is calculated by relating the returns on a mutual fund with the returns in the market.

50	What is calculated by adding the price change and dividends, the sum then divided by the purchase price and multiplied by 100?
51	Illiquid securities should not exceed..... of the net assets. <ul style="list-style-type: none"> <li>• 14%</li> <li>• 13%</li> <li>• 10%</li> <li>• 15%</li> </ul>
52	On the average, actively managed mutual funds have an expense ratio about
53	..... is the key dimension of the performance measurement and a decisive factor in determining a fund manager's skill. <ul style="list-style-type: none"> <li>• Return</li> <li>• Risk</li> <li>• Duration</li> </ul>
54	Which risk a common concern with any investment is that you may lose the money you invest?
55	Which risk depends upon the nature of the scheme?
56	..... is a measure of dispersion in return.
57	Which measure is used the most to describe the risk of a security?
58	..... is a relative measure, it is useful to the extent the fund performance is correlated with that of a benchmark.
59	Which of the following is the formula for Treynor's Index?
60	Which model is the extension of Jensen model?
61	..... measure and ..... model that consider the entire risk associated with the fund are suitable for small investors.
62	Which of the following is a stock mutual fund?
63	..... funds are mutual funds that attempt to mirror the movements of existing broad market indicators.
64	..... which measures the performance of a fund compared with the actual returns over the period.

65	<p>The possibility that interest rates may rise is an example of</p> <ul style="list-style-type: none"> <li>• Political risk</li> <li>• Exchange rate risk</li> <li>• Interest rate risk</li> <li>• Liquidity risk</li> </ul>
66	A Mutual Fund is a _____ intermediary that pools the savings of investors.
67	Mutual Fund can be set up as a _____.
68	_____ are not allowed to invest in Mutual Funds in India.
69	A Mutual Fund works as link between investors and _____.
70	Who sets up Mutual Fund?
71	Mutual Funds industry started in _____ with the formation of Unit Trust of India.
72	_____ ended schemes, an investor can get his money back promptly.
73	A Trustee Company is subjected to _____ Act.
74	_____ provides post trading and custodial services to the Mutual Fund.
75	Mutual Fund Regulation was issued by SEBI in _____.
76	<p>The Sponsor has to contribute at least _____ of the net worth of the Asset Management Company. (AMC)</p> <ol style="list-style-type: none"> <li>a. 25%</li> <li>b. 40%</li> <li>c. 50%</li> <li>d. 60%</li> </ol>
77	A Mutual Fund scheme can be wound up if _____% unit holders pass a resolution.
78	_____ is an option to invest in gold online.
79	_____ mutual funds have no lock-in period.
80	Mutual Funds provide investors with _____ management.
81	Tax saving schemes are designed on the basis of _____.
82	The P/E Ratio (Price – Earning Ratio) is the ratio of _____.
83	.A mutual fund is a _____ that pools savings.
84	Full form of SID
85	Full form of SAI
86	<p>_____ contains all statutory information on Mutual Funds.</p> <ol style="list-style-type: none"> <li>a. Know Your Client (KYC) document</li> <li><b>b. b. Statement of Additional Information (SAI)</b></li> </ol>

	<p>c. c. Scheme Information Document (SID)</p> <p>d. d. Key Information Memorandum (KIM)</p>
87	_____ Account is not mandatory for investment in Mutual Fund.
88	Systematic Withdrawal Plan (SWP) allows only withdrawal of a _____ amount.
89	<p>Sharpe Ratio gives _____</p> <p>a. A measure of risk adjusted performance of a portfolio</p> <p>b. A mark up for risk adjusted performance of a portfolio</p> <p>c. A guide for risk adjusted performance of a portfolio</p> <p>d. Minimum return the fund managers must pay to investor</p>
90	The Mutual fund deducts _____ from dividend paid.
91	<p>.If the Net Asset of the scheme is 5000 and there are 100 outstanding units, the NAV would be _____ (NAV = Net Asset / Units).</p> <p>a. 50</p> <p>b. 500</p> <p>c. 5000</p> <p>d. 100</p>
92	<p>_____ is mainly used in the proven of valuation of various securities such as stocks, debentures etc.</p> <p>a. Investment Value</p> <p>b. Book Value</p> <p>c. Fair Value</p> <p>d. Intrinsic Value</p>
93	_____ refers to statutory standard value either prescribed by authorities or evolved by case laws over a period of time and it applies to specific transactions only.
94	<p>Money invested in mutual fund by an investor is recorded as</p> <p>a. Unit Capital</p> <p>b. Mutual Fund Capital</p> <p>c. NAV</p> <p>d. Capital</p>
95	_____ refers to excess of market values of investment and other assets over other liabilities and accrued expenses of the scheme.

96	Sometimes companies issue fresh shares to the existing shareholders without any consideration in exchange for the same this practice is called as _____ issue.
97	_____ was a common strategy for mutual fund investors, especially the large corporate and HNI investors.
98	opening outstanding - 10,500, Units subscribed - 3000 units, Units redeemed - 1000 units, Dividend -500. What is the closing units?
99	Opening value - Rs. 506250, closing units -41,500, Net proceed & market Appreciation- 28500, Expenses -Rs. 700 What is NAV?
100	Opening NAV as on 2017 - Rs. 30, Closing NAV as on 2019 - 55, Dividend -05. What is Annualised Return?
101	Opening NAV as on 2017 - Rs. 30, Closing NAV as on 2019 - 55, Dividend -05. What is HPR?