

(Please write your Exam Roll No.)

Exam Roll No.

END TERM EXAMINATION

FIFTH SEMESTER (B.COM) DECEMBER-2024

Paper Code: BCOM-305 Subject: Valuation of Fixed Income Securities

Time: 3 Hours

Maximum Marks: 75

Note: Attempt all questions as directed. Internal choice indicated.

- Q1 Attempt **any Five** of the following questions: (5x5=25)
- (a) What is an Asset backed Security?
 - (b) Explain different types of Bonds.
 - (c) What are Money Market Instruments?
 - (d) What is the interest rate or coupon of the Fixed Income security?
 - (e) Differentiate between Repo rate and Reverse repo?
 - (f) State how Yield to Maturity is calculated?
 - (g) Why does the Riding the Yield Curve Strategy work profitably when a yield curve is upward sloping?
 - (h) Explain Altman Z score in detail.
- Q2 Why does your current investment in bonds become less attractive if the rate of interest in the market increases? Also explain the implications of different bond price theorems to bond investors? (12.5)
- OR**
- Q3 Write a brief note on Global Fixed Income Markets? What are the risks of investing in Fixed Income securities? (12.5)
- Q4 What is curve trading? Explain the different strategies involved in curve trading along with its benefits. (12.5)
- OR**
- Q5 (a) Explain term structure of Yield Curve in detail. (6.5)
(b) A Rs. 100 par value bond bearing a coupon rate of 11% matures after 5 years. The present market price is Rs. 82. Calculate YTM. Can investor buy it?
(PVIFA: 3.274, PVIF: 0.476) (6)
- Q6 How would you immunise the bond portfolio using immunisation technique especially Duration and Modified Duration? (12.5)
- OR**
- Q7 What is credit rating? Which are the Credit rating agencies registered with SEBI. How is credit rating done by these credit rating agencies? (12.5)
- Q8 Define securitization along with its process. Explain the role of participants in the process. (12.5)
- OR**
- Q9 Explain in detail about Residential Mortgage Loans. Also Explain what is a Commercial Mortgage-Backed Securities? How Commercial Mortgage-Backed Securities (CMBS) Work? (12.5)

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