

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.

COURSE CODE: 19CM/MC/IP33

B.COM DEGREE EXAMINATION – NOVEMBER 2021

COMMERCE – SHIFT II

COURSE : MAJOR – CORE

PAPER : INVESTMENT PLANNING

TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

Answer all the questions:

(7 x 4 = 28)

1. State the various factors favouring investment.
2. Write any two differences between forward and future contract.
3. State any four objectives of SCRA 1956.
4. What is risk and return trade-off?
5. Explain the features of Depository act 1996.
6. Explain any four benefits of ETF.
7. Write short note on Global Depository Receipts.

SECTION – B

Answer any TWO questions:

(2 x 16 = 32)

8. Explain in detail the various types of Marketable and Non-Marketable investments.
9. Explain the stages in Investment Process.
10. Discuss the different types of Mutual Funds.

SECTION – C

Answer any ONE question:

(1 x 40 = 40)

11. Ms. Rani goal was to invest in properties, equity shares, Mutual Funds and Various Assets. She decided to invest in various portfolios in order to expand her business operations. Rani was into various business operations like real estate, software development, stock broking, mutual funds, AMC and financing company. Ms. Rani is a vibrant investor with wide knowledge about the stock markets and its operations.

Over the years, Ms. Rani's regular pattern of investing also helped her to expand her business in the future. As the markets went up, Rani would buy less, but if the market was down, Rani would buy more. By buying less when prices were high and more when prices were low, Rani averaged out the unit price of her investments, and reduced her investment costs.

Rani was also into mutual fund operations as part of her business. As a trustee she appointed AMC to carry over the operations of Mutual Fund. It had the operations of both open-ended and close ended fund and had a good performance of mutual funds in the market and the investor had

reasonable return from Mutual Funds. At the end of each year, Rani's total investment had grown to millions of Rupees. She now had the money to purchase an investment property and extra money for both establishment of a new business and expansion of existing units. Suddenly the economic condition of the country had declined. Ms. Rani was analyzing the economic factors that would affect her investment and started to do market analysis to minimize the loss and was a successful investor even at the time of economic meltdown. Ms. Rani had her business operations overseas and most of her stocks are also listed in the foreign exchanges with the norms pertaining to that country. She was able to sustain in her business because of her knowledge about the market and tactical investment strategies.

Questions:

- a. What was Ms. Rani's Goal and write a brief note on equity shares? (10 Marks)
- b. How did rani reduce her investment cost? Explain this statement in accordance with investment in options. (10 Marks)
- c. Is the investment strategy of Ms. Rani Justifiable. Explain the statement. (10 Marks)
- d. Rani Business shares are listed in the foreign exchanges. What two receipts is mandate for the listing of shares in foreign exchanges? (10 Marks)

12. Young Married Couple with Children – Planning Their Future:
David was recently promoted earlier this year as Director of Engineering for a very large oil and gas exploration firm in Farmington. His salary is \$150,000 per year plus substantial bonus opportunities and equity share of the firm. Tiffany is a graduate of an East Coast liberal arts college specializing in health care issues. She has worked as a consultant and now she is a full-time mom for 2 children. They are devoted to their family and live well within their means. They have accumulated a substantial balance in their checking account. As a family they enjoy camping in the mountains in Southwest Colorado.

Questions:

- a. There is a concern if David prematurely dies, there would be financial difficulties. Also, they do not have a will and there is no provision that names a guardian in the event they predecease their children. What action should be taken prior? (10 Marks)
- b. As a couple they both value a quality education not only for their children but also to continue to advance their careers. David is considering an MBA and Tiffany an advanced certification. What action plan they can take to proceed further? (10 Marks)
- c. David had a promotion early in the year with hike in salary. What planning should be made by Mr. David in respect to tax? (10 Marks)
- d. What type of investment is best for Mr. David family? (10 Marks)
