

JK Lakshmipat University Jaipur
INSTITUTE OF MANAGEMENT

End Term Examination, May 2026
B.Tech and BCA Semester VI, 2025-26

Roll No.....

FA1127: Fundamental of Investing

Time: 2 hours

Max. Marks: 30

Instructions for students:

1. Do not write anything other than your roll number on the question paper.
2. Please mention all the assumptions for your answers clearly.
3. A non-memory scientific calculator is allowed.

- Q.1 Risk appetite varies significantly among investors based on factors such as their age, income, and financial goals. Explain how risk profiling helps investors select suitable investment instruments. Marks 3
(CO 1,3)
- Q.2 The word “bond” has its earliest roots in old English, where it was spelled as “bund” or “bond.” Explain the meaning of the term *bond* and distinguish it from a *debenture*. Marks 3
(CO 2,3)
- Q.3 Bonds play an important role in personal and corporate financial planning as safeguards against risk. Explain how bonds are classified. Additionally, provide an example of a bond issued by the Government of India that is linked to gold as an underlying asset. Marks 3
(CO 1,4)
- Q.4 Critically Illustrate why do investors prefer fixed deposits as long-term investment avenues over mutual fund SIPs in certain cases? Marks 3
(CO2,4)
- Q.5 Amit wants ₹25,00,000 after 15 years for his child’s education. Expected return = 10% per annum. Discuss: Marks 4
(CO 1,2)
- a) How much lump sum should he invest today?
- b) If he chooses an SIP instead, calculate the required monthly investment.
- Q.6 How do mutual fund’s function? Explain the different classifications of mutual funds with suitable examples. Marks 4
CO (4,5)
- Q.7 Calculate price of a bond which is issued at a par value of ₹10,000, with a coupon rate of 10% and a maturity period of 5 years. The required rate of return is 14% per annum, compounded quarterly. Marks 4
(CO 4)
- Q.8 Mr. Rajesh Sharma, aged 40, is a senior manager in a private firm. He is planning his long-term financial future, including retirement at age 60, children’s education, and wealth accumulation. Currently, he has a diversified investment portfolio with the following allocation: Marks 6
(CO 4,5)

Asset Class	Investment (₹)	Expected Return (p.a.)	Standard Deviation
Equity Mutual Funds	25,00,000	14%	22%
Gold ETF	5,00,000	9%	12%
Real Estate	20,00,000	10%	15%

Additional Information:

- Risk-free rate = 5%
- Correlation:
 - Equity–Gold = 0.10
 - Equity–Real Estate = 0.50
 - Gold–Real Estate = 0.30
- Annual savings: ₹5,00,000 (invested at same allocation)
- Inflation rate: 6%
- Retirement goal: ₹5 crore (in today's value)

Discuss the following on the basis of above information:

1. Calculate the expected return of the portfolio.
2. Compute the portfolio risk (standard deviation) using equal weights and correlations.
3. Calculate the Sharpe Ratio of the portfolio.

all the best!