

PQ3ABB (L)

SYBFM
Debt. MKT -
1713117

TIME: 2.5HRS

MARKS: 75

INSTRUCTIONS:	1. All questions are compulsory, subject to internal options.
	2. Figures to the right indicate marks
	3. Use of only simple calculator is permitted

Q1A) Choose the correct answer from the following option (Any 8)

8

1. _____ is amount of money a holder will get back once a bond mature.
 - a) Coupon
 - b) Interest
 - c) Principal
2. The _____ of bonds is that rate which equates the discount value of future cash flow to present price of bond
 - a) YTM
 - b) Current Yield
 - c) BEY
3. In case of _____ the promised payment is the par value on maturity
 - a) Zero Coupon Bond
 - b) Callable Bond
 - c) Putable Bond
4. X Ltd issued 14% Bond redeem after 10 years @ Rs. 103 . Required rate of return is 16% find out present value(PVIFA 4.8332; Pv 0.2266)
 - a) 91
 - b) 92
 - c) 93
5. _____ represent interest in wild range of pooled assets such as credit card , Automobile Loan and lease
 - a) MBS
 - b) ABS
 - c) COD
6. Mibor is calculated every day by _____
 - a) NSEIL
 - b) NSE
 - c) BSE
7. Individual purchasing individual bond and hold it till maturity is _____ strategy
 - a) Buy and Hold
 - b) Indexing
 - c) None
8. AAA bond rating means _____ Bonds
 - a) Highest Quality
 - b) Medium Grade
 - c) Defaulter
9. YTM and Bond price have _____ Relation
 - a) Direct
 - b) Indirect
 - c) No Relation

10 Modified Duration = $\frac{\text{Duration in year}}{1 + \text{YTM}}$

- a) Current Yield
- b) YTM
- c) No of the above

Q1.B Full Form

- 1. FCCB
- 2. YTM
- 3. MBS
- 4. CDO
- 5. MIBOR
- 6. CRA
- 7. CPI

7

- Q2.a) What are the different market segments? 7
- b) Discuss participants in Debt market 8

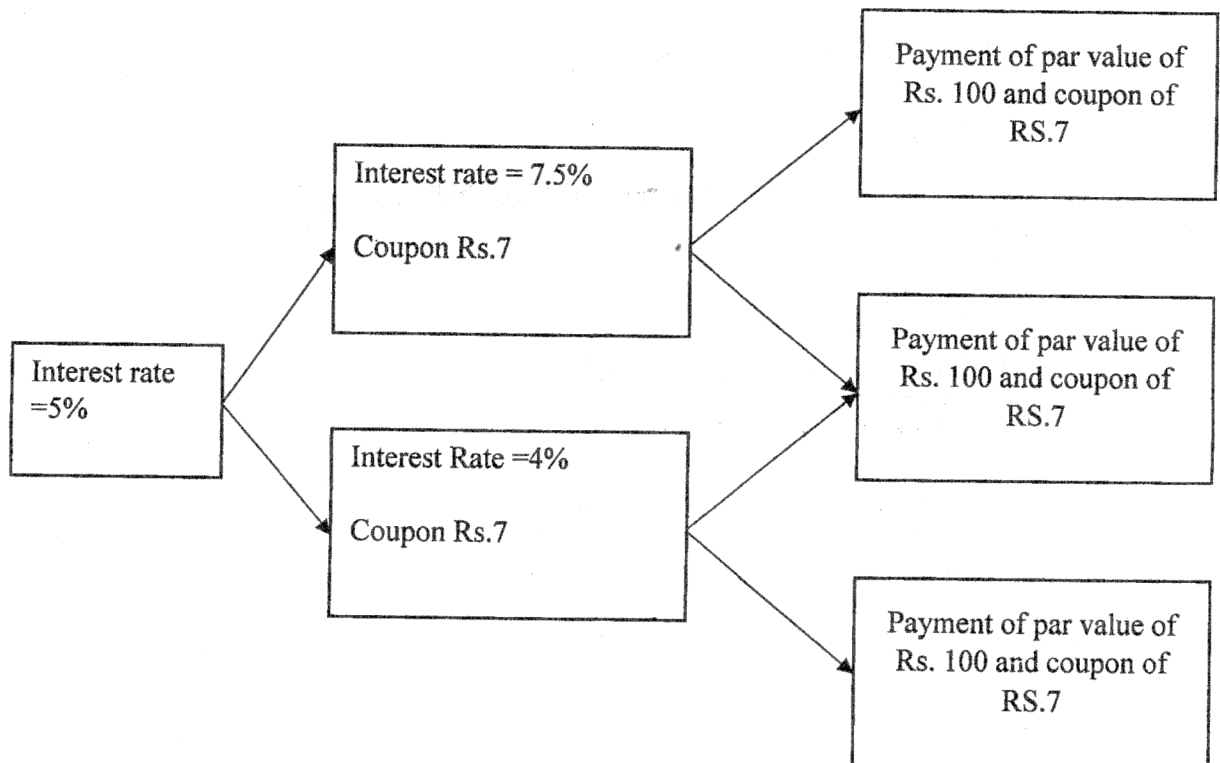
OR

- c) Calculate duration of bond of a company A, if the coupon rate is given to be 8% and YTM is 6% and time of maturity is 5 years . Face value of bond is RS.100000 and interest payments are paid annually. Also calculate percentage change in the price of bond if the YTM fall by 1% from 6% to 5% 7

(PV factors of 6% yearly- 0.94, 0.89,0.84,0.79, 0.75)

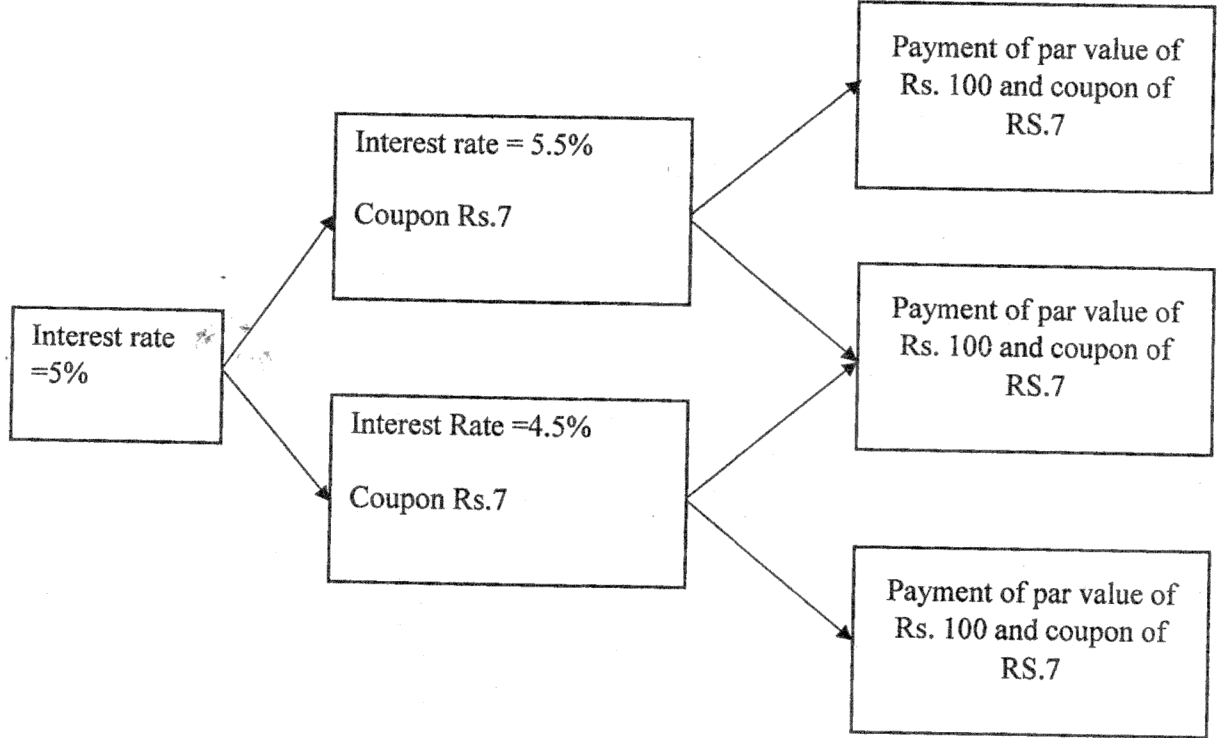
- d) X ltd issued a five years 10% bond (face value 100). YTM is 12%, Calculate market price of bond . Also calculate duration of bond if yield fall by 1%. Calculate % change in bond price.(PV factors of 12% yearly- 0.8928,0.7972,0.7118,0.6355,0.5674) 8

- Q3.a) A 7% annual coupon bond has 2 years of maturity. The interest rate tree is shown in the figure .Calculate the value of bond today under the following different scenarios if face value is RS.100 7



b) A 7% annual coupon bond has 2 years to maturity . The interest rate tree is shown below Calculate the value of bond today if face value is Rs.100

8



OR

- c) Discuss Collateralized Debt Obligation
- d) Discuss Asset -Backed security

7
8

- Q4.a) Explain role of CRA in the crisis
- b) Explain Relation between employment and inflation on debt market

7

OR

- c) Briefly Discuss MIBOR
- d) Explain Passive strategy

Q5 Short Note (Any Three)

15

1. Callable Bonds
2. Zero Coupon Bond
3. Subprime Crisis
4. Active Bond Strategy
5. Collateralized Debt Obligation