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**School of Finance and Commerce**

Bachelor of Commerce Honours in Financial Market

Semester End Examination - May 2024

Duration : 180 Minutes

Max Marks : 100

**Sem VI - H1UC601T - Fixed Income Securities and Treasury Management**General Instructions*Answer to the specific question asked**Draw neat, labelled diagrams wherever necessary**Approved data hand books are allowed subject to verification by the Invigilator*

- 1) What is a redeemable bond? K1 (2)
- 2) Highlighted, what will be the effect on corporate bond with a fixed interest rate if interest rate in nation increases. Give justification to your answer. K2 (4)
- 3) Explain the concept of bond pricing, including the factors that influence bond prices and how they are calculated. K2 (6)
- 4) Explain the concept of working capital management and its importance for treasury functions in managing cash flows and liquidity. K3 (9)
- 5) Explain the meaning of the term yield-to-maturity for bonds and preference shares? Is it appropriate to talk of a yield-to-maturity on a preference share that has no specific maturity date? K3 (9)
- 6) Explain the difference between coupon and zero-coupon bonds, including their advantages and disadvantages K5 (10)
- 7) Discuss the impact of technology on treasury management practices and the benefits of using treasury management systems (TMS). K4 (12)
- 8) Explain the difference between secured and unsecured bonds, including their risk profiles and investor preferences. K5 (15)
- 9) Discuss the impact of changes in interest rates on the value of fixed income securities, particularly regarding duration and convexity. K5 (15)
- 10) Explain how do treasury departments manage foreign exchange risk, and what hedging strategies can they employ? K6 (18)