

Time Allowed: 3 Hours

Maximum Marks: 100

Date: December 5, 2024

**Capital Markets
AIBP (Specialization)**

Roll No:

Instructions:

- Attempt ALL questions;
- Answers must be neat, relevant and brief;
- In marking the answers, the examiner takes into account clarity of exposition, logic of arguments, presentation and language;
- Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper;
- DO NOT write your Name, Access No or Roll No. etc. anywhere inside the answer script(s);
- Candidates are advised NOT to mark any of the objective answer on the Question Paper, otherwise their paper will be cancelled;
- Question Paper must be returned to invigilator before leaving the examination hall.
- Ensure that you shade your choice on the Optical Mark Reader sheet correctly. Only ONE circle must be shaded as shown below:

Correct Way: ☐ A ☒ B ☐ C ☐ D **(Choice B is selected)**

Incorrect Ways: ☐ A ☒ B ☒ C ☒ D

SECTION B: SUBJECTIVE

Attempt ALL Questions.

(40 Marks)

Q1.

- Define Coefficient of Variation. **(02 Marks)**
- Write a short note on Open End Mutual Funds. **(04 Marks)**

Q2. Write a short note on THREE motives of Liquidity Preference Theory. **(06 Marks)**

Q3. Differentiate between the following:

- Portfolio Risk and Asset Risk **(03 Marks)**
- Intrinsic Value and Market Price **(03 Marks)**

Q4.

- A commercial bank offers you two alternative interest schedules for a saving accounts of PKR. 300,000 locked in for 3 years: **(04 Marks)**
 - A monthly rate of 1.75%
 - An annually, continuously compounded rate of 18%. Which alternative should be chosen based on EAR.
Which rate would you prefer? Support your answer with calculation.
- A corporate bond has a face value of Rs. 1,000, an annual coupon rate of 4%, and 8 years remaining until maturity. The current market rate (required rate of return) for similar bonds is 5%. Calculate the intrinsic value of this bond. **(05 Marks)**

Q5. Briefly define the following types of market. **(08 Marks)**

- Bull Market
- Bear Market
- Bid Ask Spread
- Short Selling

National Institute of Banking and Finance, Pakistan

- Q6.** As per the Rule book of Pakistan Stock Exchange Limited, list down the entities who are eligible for becoming a Market Maker for one or more listed Debt Securities. **(05 Marks)**

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