



ADMISSION NUMBER

## School of Finance and Commerce

Bachelor of Commerce Honours in Financial Market  
Semester End Examination - Aug 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

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|-----|--|--------|
| 1)  | Discuss the relation of bond yield and market rate of interest.  | K1(2)  |
| 2)  | What are the key differences between fixed-rate bonds and floating-rate bonds, and how do investors typically choose between them?   | K2(4)  |
| 3)  | Company XYZ, a leading multinational corporation, issued redeemable bonds with a face value of \$500 million, carrying a coupon rate of 5% and a maturity period of 10 years. However, due to a sudden downturn in its industry, the company faced financial challenges and decided to redeem the bonds five years earlier than their maturity date. Analyze the implications of this early redemption for both the company and bondholders, considering factors such as cost, timing, and the company's financial health. | K2(6)  |
| 4)  | Describe the concept of yield to maturity (YTM) and how it is used to assess the attractiveness of fixed income investments.   | K3(9)  |
| 5)  | Discuss the factors that affect the liquidity of fixed income securities and how investors can assess liquidity risk.  | K3(9)  |
| 6)  | Construct yield curve and explain the factors that affect yield of bond.   | K5(10) |
| 7)  | What are the differences between centralized and decentralized treasury structures, and what factors influence the choice between them?  | K4(12) |
| 8)  | How do bond markets differ from equity markets in terms of liquidity, trading mechanisms, and investor behavior?   | K5(15) |
| 9)  | How do treasury departments monitor and manage counterparty risk in their transactions?  | K5(15) |
| 10) | Discuss the role of bond market indices in benchmarking and evaluating fixed income investment performance.  | K6(18) |