



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – APRIL 2016

CO 5401 - PERSONAL INVESTMENT

Date: 29-04-2016
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

Part - A

Answer ALL questions

(10 x 2=20)

1. What is personal investment?
2. Who is a gambler?
3. Define Time Value of Money.
4. What is Yield to Maturity?
5. State any four merits of investment in real estate.
6. What is meant by open ended scheme?
7. Give the meaning of defensive shares.
8. What is interest rate risk?
9. Mention any two investment schemes offered by post office.
10. Define Security Analysis.

Part - B

Answer any FOUR questions

(4 x10=40)

11. What are the risks involved in bond investment?
12. Distinguish between investment and speculation with suitable examples.
13. What is CAPM? Bring out the assumptions considered in CAPM.
14. Why do investors add gold and silver in their portfolio? Mention its merits and demerits.
15. A finance company advertised that it would pay a lumpsum of Rs.10 lacs at the end of 6 years to investors who deposit annually a sum of Rs. 1 lac. Compute the rate of interest offered by the finance company.
16. A Rs.50000 bond with a 10% coupon rate matures in 8 years and currently selling at Rs.48500. If the bond a desirable investment for an investor, whose required rate of interest is 11%, what is the Yield to Maturity of the bond?
17. Compute the expected return of two investments, viz., Option A with a return of -10%, 0%, 10% and 20% and a probability of 0.2, 0.2, 0.1, 0.5 respectively, and Option B with a return of 5%, 10%, 15% and 20% and a probability of 0.2, 0.3, 0.1, 0.4 respectively. As an expert in finance, which option would you recommend?

Part - C

Answer any TWO questions

(2 x20=40)

18. Explain the factors that affect the selection of investment.
19. Discuss the fixed income and variable income securities available to an investor.
20. What are the unsystematic risks involved in investment? Explain illustratively.
21. Describe the various methods of stock valuation.
