



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – NOVEMBER 2015

CO 5404 - INTRODUCTION TO INVESTMENT MANAGEMENT

Date : 13/11/2015

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

Part- A

Answer ALL the questions

(10 X 2=20)

1. Define Speculation.
2. What is ULIP?
3. What is Risk?
4. A Rs. 100 bond matures in 10 years and offers a 10% coupon rate. The required rate of return is 11%. Compute the bond's value.
5. Give a short notes on 'Optional Convertible Debenture'
6. What is Economic Analysis?
7. Calculate the maturity value of an annuity if Rs. 20,000 is paid annually for 7 years at 12% compound interest.
8. Calculate present value annuity factors at 12% p.a. for a period of 5 years.
9. What is Dividend Yield?
10. Write short notes on 'Diversification'.

Part- B

Answer any FOUR questions

(4 X 10=40)

11. Explain the primary and secondary objectives of investment.
12. What is meant by rule 72 and rule 69? Find out the period by using the rule of 72, Arun deposited Rs. 75,000 today at 9% interest. He wants to know to in how many years the amount will grow to Rs. 6,00,000?
13. What are the advantages of investing in stock market?
14. Differentiate between the investor and the speculator in the stock market.
15. What are the different investment alternatives? Give a detailed account of any five investment alternatives.
16. From the following information, find out the YTM and YTC of the bond.

Face value	Rs. 1,000
Coupon Rate	8%
Time to maturity	10 years
Market price	Rs. 1,140
Callable in 6 years	Rs. 1,100

17. An investor has a choice of two stocks for investment. Their rates of returns and probabilities are given below.

A		B	
Rate	Probability (%)	Rate	Probability (%)
-30	20	-20	20
0	40	10	40
30	30	40	30
70	10	80	10

- a. Are all these stocks attractive investments? Give reasons.
- b. Of those that are attractive, how should the investor choose one to buy?

Part- C

Answer any TWO questions

(2 X 20=40)

18. What do you mean by risk? Explain systematic and unsystematic risks.
19. What is fundamental analysis? Describe in detail the company analysis.
20. Discuss the process of investment undertaken by investor.
21. What are the different approaches to valuation of an equity shares? Explain valuation of equity shares based on earning with suitable examples.
