LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – **COMMERCE**

FIFTH SEMESTER – **NOVEMBER 2014**

CO 5404 - INTRODUCTION TO INVESTMENT MANAGEMENT

Date : 10/11/2014 Dept. No. Max. : 100 Marks
Time : 09:00-12:00

PART- A

ANSWER ALL QUESTIONS: **[10X2=20]**

1. What is investment management?
2. Who is a speculator?
3. List out any four sources of investment information.
4. Define Mutual Funds.
5. Distinguish between Capital Return and Revenue Return.
6. What is risk profiling?
7. Define the term 'company analysis'.
8. If you invest Rs.100000 today, Star Finance promises to pay you Rs.400000 in 12 years. Calculate the rate of interest using Rule of 69.
9. What is the present value of an annuity of Rs.20000 at 10% p.a. in 5 years? If a NBFC assures you to pay Rs.70000 for the same annuity investment, would you accept the offer?
10. Pluto Ltd. would pay Rs.2.50 as dividend per share for the next year and expected to grow indefinitely at 12%, what would be the equity value if the investor requires 20% return?

PART- B

ANSWER ANY FOUR QUESTIONS: **[4X10=40]**

11. What are the various types of Bonds? Explain the risk involved in bond investment.
12. Distinguish between Primary and Secondary markets?
13. Why do investors add real estate in their portfolio? Bring out its merits and demerits.
14. Briefly explain the economic analysis involved in investment.
15. As an investor you expect an interest of 12% p.a. Nungambakkam Benefit Fund promises to pay you Rs.400000 annually for 10 years, if you deposit Rs.2000000 today. Compute the rate of interest offered by the firm and comment.
16. A Rs.10000 par value bond bearing a coupon rate of 11% matures after 5 years. The expected Yield to Maturity is 15% and it present market value is Rs.8200. Can the investor buy this bond? Also compute actual YTM of the bond.
17. An investor is evaluating two investment options. Both have equal returns, but the probabilities of occurring these returns in two proposals are different. The return and probabilities are given below:

Return	Probability X	Probability Y
13 %	0.1	0.1
16%	0.2	0.4
22%	0.3	0.3
25%	0.4	0.2

Calculate the expected returns and standard deviation of both the proposals and comment.

PART- C

ANSWER ANY TWO QUESTIONS: **[2X20=40]**

18. Describe the primary and secondary objectives of investment.
19. Explain in detail the factors to be considered while analysing an industry.
20. Discuss the unsystematic business risk involved in investment.
21. Explain the negotiable securities available to an investor.

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