



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

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

FIFTH SEMESTER – NOVEMBER 2016

**CO 5404 - INTRODUCTION TO INVESTMENT MANAGEMENT**

Date: 09-11-2016  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

**Part – A**

**Answer ALL questions**

**(10x2=20)**

1. What is investment?
2. State any two unique features of gambling.
3. Give the meaning of bonus shares.
4. What is YTM?
5. How do Zero coupon bonds differ from fixed interest bonds?
6. Who are aggressive investors?
7. What is meant by Systematic Investment Plan?
8. Mr. John plans to send his son to Singapore for higher studies. He expects the cost of these studies to be Rs.20,00,000. How much should he save annually to have a sum of Rs.20,00,000 at the end of 10 years, if he expects a return of 12% p.a.?
9. Mr. Walter deposits Rs.10,00,000 in a NBFC which pays an interest of 10% p.a. How much can he withdraw annually for a period of 30 years, assuming that at the end of 30 years, the deposit value will be zero?
10. What is equity valuation?

**Part – B**

**Answer any FOUR questions**

**(4x10=40)**

11. Who is a speculator? How does he differ from an investor? Explain.
12. Bring out the various sources of information available to an investor.
13. What are the objectives of investment?
14. “Bonds are considered as risk-less and not risk-free” - Comment.
15. An investor is evaluating two investment options. Both have equal returns, but the probabilities of these returns occurring are different.

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

Find out the expected return from both the options and also calculate the risk involved in it.

16. Star Chit Funds promises to pay you Rs.8,00,000 in 18 years for a deposit of Rs. 1,00,000 today.

Calculate the rate of interest offered using (a) Rule of 72 (b) Rule of 69 (c) Actual rate

17. A Rs.10,000 par value bond bearing a coupon rate of 11% p.a. matures after 5 years. The expected yield is 15% and the present value of the bond is 82% of its face value. Is the bond a worthy investment? Comment. Also calculate the actual YTM of the bond.

### Part – C

Answer any TWO questions

(2x20=40)

18. Describe the various process involved in Investment.

19. Explain briefly the systematic and unsystematic risks that affect the investors.

20. What is meant by investment alternatives? State any ten investment alternatives preferred by Indian retail investors to build their portfolio.

21. Discuss the factors to be considered while analysing the Indian Industries.

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