



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION - BUSINESS ADMINISTRATION

FIFTH SEMESTER – NOVEMBER 2015

BU 5404 - INTRODUCTION TO INVESTMENT

Date : 14/11/2015
Time : 09:00-12:00

Dept. No.

Max. : 100 Marks

PART-A

Answer All Questions:

(10x2= 20 Marks)

- 1) Define investment.
- 2) What is Gambling?
- 3) Give any two examples of Real Assets.
- 4) List any two modern form of Investment.
- 5) What is “holding period return”?
- 6) What are called as unsystematic risk?
- 7) Give any two assumptions of CAPM Model.
- 8) What is bond valuation?
- 9) Write a note on Economic Analysis?
- 10) What are the four stages of Industry life Cycle?

PART-B

Answer any FOUR questions:

(4x10= 40 Marks)

- 11) Differentiate between Speculation and Hedging.
- 12) Explain the factors of sound Investment?
- 13) Explain the various types of insurance.
- 14) The market price of an equity share is Rs 100. Following information is available in respect of dividends, market price and the expected market condition after one year

S.no	Market Conditions	Probability	Market price (Rs)	Dividend (Rs)
1	Good	0.25	115	9
2	Normal	0.5	107	5
3	Bad	0.25	97	3

Find the expected return and the risk of the security.

- 15) Discuss any four methods of valuation of bonds.
- 16) What are the various limitations of CAPM model?
- 17) Discuss the factors assessed in Economic Analysis.

PART-C

Answer any TWO questions:

(2x20= 40 Marks)

- 18) Briefly explain and differentiate Hedging, Arbitrage and Diversification as strategies of investment.
- 19) Discuss the various modern forms of investments with examples.
- 20) Distinguish between
 1. Total return and Holding period return
 2. Historical return and Expected return
 3. Risk and Risk premium.
- 21) Discuss the various sources of information analyzed in the earnings of a company.
