



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

FIFTH SEMESTER – NOVEMBER 2017

BU 5404 - INTRODUCTION TO INVESTMENT

Date 15-11-2017
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART - A

Answer ALL the questions

(10 x 2 = 20 Marks)

1. What do you mean by Investment?
2. What are Real assets?
3. State any two features of Equity shares.
4. What NAV refers to?
5. What is Financial risk?
6. Differentiate between SML and CML.
7. Write down the formula for calculating YTM.
8. Define the term Capital Return.
9. Write down the formula for calculating EPS.
10. What are the stages of Industry Life cycle?

PART - B

Answer any FOUR questions

(4 x 10 = 40 Marks)

11. Explain the objectives of Investments.
12. Discuss the Tax saving schemes available in the financial market.
13. Explain the different sources of systematic risk.
14. Discuss the characteristics of a Bond.
15. Explain the techniques of Present value of money.
16. What are the assumptions of CAPM model.
17. Mr.Sanjay has purchased 100 shares of Rs.10 each of Reliance Ltd in 2011 at Rs .820 per share. The Company has declared a dividend of 40% for the year 2016-17. The Market price of the share as at 1-4-2016 was Rs.920 and on 31-3-2017 was Rs.1200. Calculate the annual return on the investment for the year 2016-17.

PART - C

Answer any TWO questions

(2 x 20 = 40 Marks)

18. Explain the techniques for Valuing Equity shares based on dividends and earnings.
19. Explain how financial ratios can be used to determine the strength and weakness of a company.

20. The following information is available in respect of the return from Security Omega Ltd under different economic conditions. Find out the Expected return and the risk associated with the security (Standard deviation).

Economic Condition	Return	Probability
Good	20%	0.1
Average	16%	0.4
Bad	10%	0.3
Poor	3%	0.2

21. Given the following information :

Portfolios	A	B	C	D
Beta	1.10	0.8	1.8	1.4
Return (%)	14.5	11.25	19.75	18.5
Standard deviation (%)	20	17.5	26.3	24.5

Risk free rate of return :6% , Market return :12 % . Calculate Sharpe ratio, Treynor ratio and Jensen ratio.

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