LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FIFTH SEMESTER – **NOVEMBER 2013**

CO 5401 - PERSONAL INVESTMENT

Date : 15/11/2013   Dept. No.   Max. : 100 Marks
Time : 9:00 - 12:00

SECTION-A

Answer ALL Questions   10x2=20

1. State the names of few NIFTY companies of India along with their sectors.
2. What do you mean by inflation?
3. What is coupon rate?
4. What do you understand by time value of money?
5. State the names of few money market instruments.
6. What is YTM? How is it calculated?
7. Explain the concept of risk and return relationship.
8. How does a political risk affect investments?
9. What so you understand by beta factor under CAPM?
10. What is holding period return?

SECTION-B

Answer any FOUR questions   (4x10=40)

11. What is investment? Explain the features or factors affecting investments.
12. Explain the various types of unsystematic risks associated with investments.

13. Write short notes on the following
    a) Compound interest b) Bonus shares c) Right shares d) P/E ratio.
14. Discuss the features and the methods available for the valuation of real estate investments.
15. Explain the features and types of equity shares.

16. a) Given the time value money at 12%, you are required to find out the present value of

    future cash inflows that will be received over next four years.   (4)

Year	1	2	3	4
Cash Flows(`)	3,000	4,000	7,000	10,000

   b) Calculate the compound value when ` 25, 000 is invested for 3 years and the rate of

   interest at 14 % p.a. is compounded semi-annually.   (3)

   c) Jai intends to have a return of ` 24,000 for perpetuity. In this case, the interest

      rate is 12% p.a. Calculate the present value of perpetuity.   (3)

17.a) A bought stocks of three companies A,B and C with the expected return of 25% after a
      year. The purchase prices and the holding period prices are given below. Find out whether
      his expectations are fulfilled?   (5)

Stock	Price On 1.1.2012(`)	Price On 31.12.2012(`)	Dividend for the year (%)
A	100	126	20
B	240	265	25
C	35	42	15

b) An investor wants to purchase stocks of companies L and M .He is supplied with the following particulars relating to investments. Find out the expected return for both the proposals. (5)

Return (%)	Probability(L)	Probability (M)
12	0.20	0.15
15	0.25	0.20
18	0.35	0.30
25	0.15	0.25
30	0.05	0.10

SECTION-C

Answer any Two Questions   (2x20=40)

18. a)What are the differences between investment and speculation.   (12)
    b) What is gambling? What are the features of gambling?   (8)

19. a) What is CAPM? Explain the assumptions and limitations of CAPM   (10)
    b) What are the features and risks associated with bond investments?   (10)

20. Discuss in detail the types, advantages and disadvantages of investing in mutual funds.

21 a) There is a 9%, 5 year bond issue in the market. The issue price is ` 9, 000 and the redemption price is Rs.10, 500. For an investor with marginal income tax rate of 30% and the capital gains tax of 10% , What is the post yield to maturity?   (12)

    b) Calculate the value of equity share from the following details given below   (8)

	Amount(`)
Equity Share capital (10,00,000 equity shares of Rs.10 each)	1,00,00,000
Reserves and Surplus	25,00,000
15% secured loans	50,00,000
12.5% Unsecured loans	25,00,000
Fixed Assets	50,00,000
Investments	25,00,000
Operating profit	25,00,000
Tax rate	40%
P/E ratio	20