LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FIFTH SEMESTER – **NOVEMBER 2012**

# CO 5401 - PERSONAL INVESTMENT

Date : 10/11/2012 Dept. No. Max. : 100 Marks

Time : 9:00 - 12:00

**PART – A**

**ANSWER ALL QUESTIONS: (10 x2=20)**

1. What is personal investment?
2. Expand the following terms: (a) FVIFA (b) YTM (c) ETF (d) SIP
3. List out any four risk involved in gambling.
4. Why do investors add insurance into their portfolio?
5. What do you understand by bonus shares?
6. Define risk.
7. Distinguish between bull and bear markets.
8. What is meant by investment in arts and antiques?
9. Calculate the value of a deposit of Rs.5000 today @12% p.a. at the end of two years, if compounding is done quarterly.
10. Calculate the CAPM return of an investment whose Risk Free Return is10%, Market Return is 30% and Beta is 0.6.

**Part – B**

**ANSWER ANY FIVE QUESTIONS: (5 x8=40)**

1. Elucidate the objectives of personal investment.
2. Give an account of investment information available to an investor.
3. Bring out the advantages and disadvantages of investment in gold.
4. What is meant by CAPM? Bring out its basic assumptions.
5. How do you classify mutual funds? Briefly explain the various types of mutual funds.
6. Chennai Benefit Fund promises you Rs.30,000 at the end of 7 years for an investment of Rs.10000 today. Compute the actual rate of return offered to you.
7. Arun wants to buy IOB stock and hold on it for four years. He estimates that Rs.4.50 dividend would be paid by IOB consistently for the said period and he wishes to sell the shares for Rs.100 at the end of the fourth year. Compute the present price of IOB, if Arun expects a return of 10%.
8. From the following information, you are required to calculate the expected returns of investments in A & B with equal probabilities:

|  |  |  |
| --- | --- | --- |
| Probabilities | Investment A | Investment B |
| 0.2 | -10% | 3% |
| 0.1 | 2% | 5% |
| 0.4 | 15% | 10% |
| 0.3 | 28% | 16% |

Part – C

**ANSWER ANY TWO QUESTIONS: (2 x20=40)**

1. How do systematic and unsystematic risks affect the investments?
2. Explain the following investment alternatives available in India.
3. Equity Shares (b) IVP (c) Bank Deposits (d) Commercial Papers (e) Real Estate
4. Discuss the risk involved in bond. Give suitable examples.

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