

International Islamic University Chittagong
Department of Business Administration

BBA Program

Mid-Term Examination, Spring-2022
Investment Analysis (FIN-4809)

Time: 1.5 hours.....

Marks-30

No.	Category	Key terms	CLO	Marks																				
1.a.	Remember	Identify the basis of investment decision																						
1.b.	Understand	Describe the investment alternatives in Bangladesh	CLO ₁	03																				
1.c.	Apply	Explain where you can use the funds either in real assets or financial assets in Bangladesh.	CLO ₁	04																				
2.a.	Remember	Distinguish between Bonus share and Right Issue methods		04																				
2.b.	Apply	As financial manager, CFO asked you to process an issue of IPO, how can you proceed to issue an IPO for equity financing?	CLO ₁	04																				
2.c.	Remember	Write the followings: Book value, Market price, Face value, Margin, Initial equity.	CLO ₁	02																				
3.a.	Apply	Mr. Robert sold 50 shares @tk100 to make a short sale by managing his broker. After one week was passed, the price was declined to \$70 per share, and placed an order to buy these shares and back to borrowed shares. Think what type of trade was made and calculate the profit from such trading?	CLO ₁	04																				
3.b.	Analyze	Mr. Hoque made an order to purchase common stock in terms of an initial margin is 50 percent and a maintenance margin of 30 percent. He buys 120 shares of stock on margin \$50 per share. The price of stock subsequently drops to \$45. a. Calculate the initial equity as well as debt. b. What is the actual margin at \$36 c. The price now rises to \$31. Is the account restricted? d. If the price declines to \$29, is there a margin call? e. Assume that the price declines to \$20. What is the amount of the margin call? At \$18.	CLO ₂	06																				
4.a.	Understand	Define the structured and unstructured risks in an investment of security.	CLO ₂	03																				
4.b.	Analysis	The following information relates to ACI and stock market: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Scenario</th> <th>Probability</th> <th>DSE-30</th> <th>ACI</th> </tr> </thead> <tbody> <tr> <td>Good</td> <td>0.15</td> <td>6%</td> <td>8%</td> </tr> <tr> <td>Moderate</td> <td>0.35</td> <td>10%</td> <td>12%</td> </tr> <tr> <td>Average</td> <td>0.30</td> <td>9%</td> <td>11%</td> </tr> <tr> <td>Below average</td> <td>0.20</td> <td>14%</td> <td>13%</td> </tr> </tbody> </table> (a). Calculate the correlation and percentage of systematic risk. (b). Calculate the explained and unexplained variance	Scenario	Probability	DSE-30	ACI	Good	0.15	6%	8%	Moderate	0.35	10%	12%	Average	0.30	9%	11%	Below average	0.20	14%	13%	CLO ₂	07
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