

International Islamic University Chittagong
Department of Business Administration

BBA Program

Final-Term Examination, Spring-2022

Investment Analysis (FIN-4809)

No.	Category	Key terms	Marks	CLO																					
1.a.	Remember	Explain the concept of Mutual Fund, and its benefits and non-benefits of such mutual fund investments.	04	<i>CL₀₁</i>																					
1.b.	Understand	a. Describe different types of mutual funds and its use in Bangladesh.	04	<i>CL₀₁</i>																					
1.c.	Understand	Generate the ideas of Net asset value, load fund, and closed-end fund.	02	<i>CL₀₁</i>																					
2.a.	Analyze	What do you mean by fundamental analysis? Write down systematic approach of Fundamental analysis.	04	<i>CL₀₃</i>																					
2.b.	Understand	Analyze the following economic factors to select an economy for investment decision: a. Economic growth, b. Per capita income, c. Foreign Reserve d. Employment creation e. Political stability f. Good governance and democracy.	06	<i>CL₀₃</i>																					
3.a.	Creativity	Choose the industry in between Pharmaceutical and Cement analyzing the following information:	06	<i>CL₀₃</i>																					
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Indicators</th> <th style="text-align: center;">Pharmaceutical</th> <th style="text-align: center;">Cement</th> </tr> </thead> <tbody> <tr> <td>Industry Structure</td> <td style="text-align: center;">38 companies</td> <td style="text-align: center;">45 companies</td> </tr> <tr> <td>Supply-demand gap</td> <td style="text-align: center;">High demand</td> <td style="text-align: center;">Low demand</td> </tr> <tr> <td>Competition</td> <td style="text-align: center;">Low</td> <td style="text-align: center;">High</td> </tr> <tr> <td>Quality</td> <td style="text-align: center;">Good</td> <td style="text-align: center;">Average</td> </tr> <tr> <td>Product type</td> <td style="text-align: center;">Necessary</td> <td style="text-align: center;">Relatively luxurious</td> </tr> </tbody> </table>	Indicators	Pharmaceutical	Cement	Industry Structure	38 companies	45 companies	Supply-demand gap	High demand	Low demand	Competition	Low	High	Quality	Good	Average	Product type	Necessary	Relatively luxurious					
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3.b.	Analyze	How can define the industry analysis? Analyze the industry life cycle for choosing an potential industry.	04	<i>CL₀₃</i>																					
4.a.	Apply	As financial manager, CFO asked you to evaluate the following financial statements:	06	<i>CL₀₃</i>																					
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		a. The growth rates of both companies b. Calculate the net asset value and market value per share, c. Calculate the earnings per share(EPS) d. calculate dividend per share; e. P/E ratios f. Recommend that which company should be chosen for																							

- investment.
- 4.b. Remember What is company analysis? Explain the users of ratios for various decisions. 04 CL₀₃
- 5.a. Understand What do you mean by stock analysis? Explain the different factors that you consider for stock valuation 04 CL₀₃
- 5.b. Analyze Mr.Robert is now considering a stock of ACI company to invest in that share.The stock market scenario and fundamental information of ACI are given below: EPS Tk10, Dividend payout Ratio=60%, Required rate of return=10%; Growth rate=5%; Investment period=10 years. Estimate the intrinsic value of share. Would you recommend him to buy this stock, when market price is \$68? 06 CL₀₃
- 6.a. Creativity Analyze the comparative information of ACI and SQUARE and conclude your decision, where you should do for investment? 06 CL₀₃

Parameters	ACI	SQUARE
Net Profits	\$50,000	\$60,000
NOS	10000	10000
Net assets(Total)	500000	600000
Market Price	\$52	\$58
DPR	60%	50%
Growth rates	5%	5%
a. Compute P/E, and market-book value ratios of both companies b. If investment period is 5 years, and required rate of return is 10%, compute the intrinsic value c. Mention the process of investment decision in both method, and conclude the decision, where you want to do investment.		

- 6.b. Understand What is debt investment? Compare and contrast between investment in equity, and debt 03 CL₀₃
- 7.a. Analyze Huntington wants to buy a bond with face value of \$1000 offering currently 10% coupon rate, and market price of the bond \$1060, which will mature in 10 years. The current market interest rate is 8%. Calculate (i) Intrinsic value of bond; (ii) Current yield; (iii) The yield to maturity; (iv) The yield to call, if the bond is called after 6 year by \$1100; (v) Capital gain/loss; (vi) Would you recommend for buying this bond? (vi).If the bond is zero coupon bonds, and now is purchased by \$950 for 5 years, what is the spot rate of bond? 07 CL₀₃
- 7.b. Understand Define the intrinsic value, market value, current yield, yield to call, and capital gain or loss 03 CL₀₃