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**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESS WAY, JABI-ABUJA**

**FACULTY OF MANAGEMENT SCIENCES**

**OCTOBER/NOVEMEBER EXAMINATION 2016**

**COURSE CODE: ENT 332**

**COURSE TITLE : INVESTMENT MANAGEMENT ANALYSIS II**

**CREDIT UNIT: 2**

**TIME ALLOWED: 2 HOURS**

**Instructions:**

1. **Attempt question number one (1) and any other (2) questions.**
2. **Question number 1 is compulsory and carries 30 marks, while the other questions carry equal marks each.**
3. **Present all your points in coherent and orderly manner.**

**QUESTION 1**

1. What is Capital Asset Pricing Model (CAPM)? And what are the assumptions? (10 marks)
2. Discuss five major components of a financial statement? (10 marks)
3. Explain the following terms:

a) Immunization

b) Duration

c) Debentures

d) Passive bond management

e) Random Walk Hypothesis

f) Arbitrage Pricing Theory (APT) (10 marks)

**QUESTION 2**

1. Explain the reasons for applying formal analytical techniques to modern portfolio theory. (12 marks)
2. List the factors that affect the price of a company’s ordinary share (common stock) (8 marks)

**QUESTION 3**

a) Explain what you understand by the following:

1. Callable bonds
2. Bond Indenture
3. Floating rate bond
4. Reverse floating rate bond
5. Secured bond (12 marks)

b) Discuss three (3) sources of common stock value? (8 marks)

**QUESTION 4**

a) Discuss Interest rate sensitivity to bond prices and yields. (10 marks)

(b) Discuss the three (3) stages of the industry lifecycle visualized from an investment perspective? (10 marks)

**QUESTION 5**

(a) Explain four (4) types of risks inherent in Bank investments? (12 marks)

(b) What are the objectives of financial reporting? (8 marks)