

Spring Semester 2011

“Financial Analysis & Portfolio Management (Fin 630)”

Assignment No. 02

Total Marks: 20

Question #01

Regional textile issued a 10-year Rs. 500 par value bond at 12% coupon rate (assuming semiannual interest payments). Required rate of return for such investment is 10%.

Pesco textile issued a 15-year Rs. 500 par value bond at 16% coupon rate (assuming semiannual interest payments). Required rate of return for such investment is 12%.

You are required to calculate:

- Coupon payment in each case
- No. of coupon payments in each case
- Value of each bond

Question #02

Suppose you have following stocks in your portfolio:

1. Stock A which was purchased 11 months ago for Rs. 750, currently selling for Rs. 790 and has paid Rs.20 dividend.
2. Stock B which was purchased 5 months ago for Rs. 900, currently selling for Rs. 910 and has paid Rs.15 dividend.

You are required to calculate:

1. Holding period return of stock A
2. Holding period return of stock B
3. Annual return for both stocks

Note:

Show complete working (formula and calculations) for each part of questions.

Important Tips

1. This Assignment can be best attempted from the knowledge acquired after watching video lecture no. 1 to lecture no 32 and reading handouts as well as recommended text book).
2. Video lectures can be downloaded for free from www.youtube.com/vu.

Assignment Schedule

Opening Date and Time	June 16 , 2011 At 12:01 A.M. (Mid-Night)
Due Date and Time	June 21 , 2011 At 11:59 P.M. (Mid-Night)

Note: Only in the case of Assignment, *24 Hrs extra / grace period* after the above mentioned due date is usually available to overcome uploading difficulties which may be faced by the students on last date. This extra time should only be used to meet the emergencies and above mentioned due dates should always be treated as final to avoid any inconvenience.

Important Instructions:

Please read the following instructions carefully before attempting the assignment solution.

Deadline:

- Make sure that you upload the solution file before the due date. No assignment will be accepted through e-mail once the solution has been uploaded by the instructor.

Formatting guidelines:

- Use the font style "Times New Roman" and font size "12".
- It is advised to compose your document in MS-Word 2003.
- Use black and blue font colors only.

Solution guidelines:

- For acquiring the relevant knowledge don't rely only on handouts but watch the video lectures and use other reference books also.
- Show complete working (formula and calculations) for each part of question.
- Marks will be deducted if complete working is not provided.

Rules for Marking

Please note that your assignment will not be graded or graded as Zero (0) if:

- It has been submitted after due date
- The file you uploaded does not open or is corrupt
- It is in any format other than .doc (MS. Word)
- It is cheated or copied from other students, internet, books, journals etc...