4.Tutorium

Übungsaufgaben
Investition & Finanzierung
Sommersemester 2011

27) 5 A 1

Definition of a Bond: What are the main characteristics of a bond? Provide examples of different types of bond in terms of coupons, maturity and face value.

28) 5 A 3

Bond Concepts: Explain the difference between a coupon rate and a yield to maturity. Show, using examples, how changing the coupon rate and yield to maturity affects the bond price.

29) 5 A 10

Valuing Bond: In March 2009 the German freight company Deutsche Bahn issued a 10-year bond with face value of €1,000 and paying an annual coupon of 4.875 per cent. What is the price of the bond if the YTM is

a) 4 per cent?
b) 5 per cent?
c) 10 per cent?

30) 5 A 12

Share Values: In 2009 DaimlerChrysler had just paid a dividend of €2 per share on its equity. The dividends are expected to grow at a constant rate of 5 per cent per year indefinitely. If investors require a 11 per cent return on DaimlerChrysler´s equity, what is the current price? What will the price be in three years? In 15 years?

31) 5 A 13

Share Values: The next dividend payment from French health food firm Danone will be €1.12 per share. The dividends are anticipated to maintain a 5 per cent growth rate for ever. If Danone shares currently sell for €35.00, what is the required return?

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32) 5 A 16

Equity Valuation: Solid Air plc pays a constant £10 dividend on its equity. The company will maintain this dividend for the next six years, and will then cease paying dividends for ever. If the required return on the company´s equity is 10 per cent, what is the current share price?

33) 5 A 18

Bond return: A six-year government bond makes annual coupon payments of 5 per cent and offers a yield of 3 per cent annually compounded. Suppose that one year later the bond still yields 3 per cent. What return has the bondholder earned over the 12-month period? Now suppose that the bond yields 2 per cent at the end of the year. What return would the bondholder earn in this case?

34 5 A 19

Non-Constant Growth: Dylan Bearings is a young start-up company. No dividends will be paid on the shares over the next nine years because the firm needs to plough back its earnings to fuel growth. The company will pay an £8 per share dividend in 10 years and will increase the dividend by 6 per cent per year thereafter. If the required return is 13 per cent, what is the current share price?