



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS  
SCHOOL OF MANAGEMENT SCIENCES  
OCTOBER 2013 EXAMINATION**

**COURSE CODE: BHM 721**

**Credit Unit: 2**

**COURSE TITLE: SECURITY ANALYSIS AND PORTFOLIO  
MANAGEMENT**

**TIME ALLOWED: 2 HOURS**

**INSTRUCTION: Attempt Question 1 and any other two (2) questions of your choice. Question one (1) carries 30 marks while others carry 20 marks each. Present your answer legibly and logically using relevant examples.**

**QUESTION 1**

- A. Briefly highlight three call features of a bond.
- B. Blue stock limited has ₦20 million assets, owes ₦10 million in various forms of Short- and long-term debt, and has ₦2 million worth of preferred stock outstanding. Assume also, that firm has 100,000 shares of common stock outstanding.
  - i. What is the book value of the corporation?
  - ii. What is the Firm's Book value per share?  
(Clearly illustrate each step in your calculation)
- C. What do you understand by investment value of common stock?

**QUESTION 2**

- A) What does security analysis particularly address?
- B) Discuss the concept of Bonds as Versatile Investment Outlets

**QUESTION 3**

- A) What are preferred stocks?
- B) Discuss the advantages and disadvantages of preferred stocks.

**QUESTION 4**

- A) What makes common stock appealing?
- B) Discuss the Pros and Cons of stock ownership.

**QUESTION 5**

Write short notes on the following:

- i. Blue Chip Stocks
- ii. Cyclical Stocks
- iii. Speculative Stock
- iv. Defensive Stocks