**NATIONAL OPEN UNIVERSITY OF NIGERIA**
**PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA**
**FACULTY OF MANAGEMENT SCIENCES**
**2023_2 EXAMINATIONS**

**COURSE CODE:** **BFN403** **CREDIT UNIT: 3**
**COURSE TITLE:** **CAPITAL MARKET AND PORTFOLIO THEORY**
**TIME ALLOWED:** **$2^{1/2}$HOURS**
**INSTRUCTIONS:** **1. Attempt question Number one (1) and any other three**
**2. Question number 1 is compulsory and carries 25 marks, while the other questions carry 15 marks each.**
**3. Present all your points in coherent and orderly manner**

Q1a. Worth of a share of common stock can be Identify and explained in Investment Value, if yes explain, if no why? **(5marks)**

Q1b.) It is generally said that, common stock holders are referred to as Residual Owners of the company, justify this statement? **(10 marks)**

Q1c. Call Features for bond is known to be "Let the Buyer Beware" state and explain basically, the three types of call features. **(10 marks)**

Q2a.) In the course of doing business, it observed that risk of different kind are also involved, on this account differentiate the concept, Business Risk and Financial Risk. **(8 marks)**

Q2b.) Stock at "par value" and "market value" is not the same explain. **(7 marks)**

Q3a.) Explain your understanding of Balance of Payment between nations of the world. **(5 marks)**

Q3b.) Outline and explain at least five important economic variables that can significantly affect the level of interest rates. **(10 marks)**

Q4a) Briefly discuss the three commonly cited theories that explain the reasons for the general shape of the yield curve. **(10 marks)**

Q4b.) Explain the term Coupon Bond **(5 marks)**

Q5) Write short note on the following

a. Liquidity Risk **(3 marks)**
b. Market Risk **(3 marks)**
c. Time Value of Money**(3 marks)**
d. Speculative Stock **(3 marks)**
e. Growth stock **(3 marks)**