


**শুন্ম অর বিজনেম**  
**Bangladesh Open University**  
**MBA Program**  
**Semester: 192 (4th Level-Finance)**

**Last date of Submission: April 03, 2023**

*Instructions for 3<sup>rd</sup> Assignment Submission:*

 <ol style="list-style-type: none"><li>1. Assignments must be submitted on A4 size paper in own hand writing or in computer typing.</li><li>2. Completed cover must be used on the top of each assignment as per the specimen cover page in the Semester Calendar.</li><li>3. The softcopy of the assignment must be submitted to the <b>coordinator</b> &lt;shelly.sob13@bou.ac.bd&gt; of the Dhaka Study Center by email.</li><li>4. Please mention clearly your <b>ID, Course Code and Course Name</b> in the subject line of email. Please <b>create individual file for each course</b> and send in one email.</li></ol>	<b>Special Assignment</b> <hr/> <b>Assignment -3</b> } <span style="border: 1px solid black; padding: 2px;">10</span>
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**Course: Business Research Methods**

MBA: 4316

*Question:*

1. Your organization is conducting a survey to determine the consumption pattern of food items by households in Dhaka. You are the head of computer division responsible for from the questionnaires and analyzing the same. A filled to you. List out the points on which you would like to concentrate while editing the raw data.

**Course: Corporate Finance**

MBA 4330

*Questions:*

1. If a Canadian investor in the domestic stock market experiences a negative rate of return, is it possible for a Singapore investor with the same investment to experience a positive rate of return? Discuss.
2. Discuss how the market efficiency level can be enhanced with the presence of a secondary market (for example, stock exchange market).

**Questions:**

Consider the following data for two risk factors (1 and 2) and two securities (J and L):

- |                    |                 |
|--------------------|-----------------|
| $\lambda_0 = 0.05$ | $b_{J1} = 0.80$ |
| $\lambda_1 = 0.02$ | $b_{J2} = 1.40$ |
| $\lambda_2 = 0.04$ | $b_{L1} = 1.60$ |
|                    | $b_{L2} = 2.25$ |

- Compute the expected returns for both securities.
- Suppose that Security J is currently priced at \$22.50 while the price of Security L is \$15.00. Further, it is expected that both securities will pay a dividend of \$0.75 during the coming year. What is the expected price of each security one year from now?

Go through the case and answer the question below the case.

Determination of Securities Valuation

Based on five years of monthly data, you derive the following information for the companies Listed:

Company	Intercept( $a_i$ )	Standard Deviation ( $\sigma_i$ )	Correlation Coefficient ( $r_{im}$ )
Intel	0.22	12.10%	0.72
Ford	0.10	14.60	0.33
Anheuser Busch	0.17	7.60	0.55
Merck	0.05	10.20	0.66
S&P 500 (Market)	0.00	5.50	1.00

Hint#  $COV_{i,m} = (r_{im})(\sigma_i)(\sigma_m)$

- Compute the beta coefficient for each stock.
- Assuming a risk-free rate of 8 percent and an expected return for the market portfolio of 15 percent, compute the required return for all the stocks and plot them on the SML.
- Plot the following expected return for the next year on the SML and indicate which stocks are undervalued or overvalued.
  - Intel—20 percent
  - Ford—15 percent
  - Anheuser Busch—19 percent
  - Merck—10 percent

***Questions:***

Suppose that a bank faces the following cash inflows and outflows during the coming week: (a) deposit withdrawals are expected to total \$33 million, (b) customer loan repayments are expected to amount to \$108 million, (c) operating expenses demanding cash payment will probably approach \$51 million, (d) acceptable new loan requests should reach \$294 million, (e) sales of bank assets Concept Check are projected to be \$18 million, (f) new deposits should total \$670 million, (g) borrowings from the money market are expected to be about \$43 million, (h) non-deposit service fees should amount to \$27 million, (i) previous bank borrowings totaling \$23 million are scheduled to be repaid, and (j) a dividend payment to bank stockholders of \$140 million is scheduled.

What is this bank's projected net liquidity position for the coming week?

**Read the following case carefully and answer the questions that follow:**

**Case study: TOUAX Success of Rights Issue**

TOUAX is a French company and is currently Europe's no.1 in shipping containers and river barges, and no.2 in modular buildings and freight railcars. The Group provides operating leases to customers around the world, both on its own account and for third-party investors.

On June 24, 2009, TOUAX announced that its capital increased by waiving preferential subscription rights but with priority for existing shareholders, launched on 18th June 2009 for a total of E17,851,519.76 (gross) through the issue of 936,596 new shares which were subscribed in the entirety. Following partial application of the extension clause, 952,747 shares were placed or 101.72% of the issue; total proceeds were E18,159,357.82.

This rights issue has enabled the Group to strengthen its financial structure, to position itself with advantage for possible acquisitions of tangible stock, and to grasp opportunities thrown up by the crisis (purchase of shipping containers, modular buildings, river barges and railcars, for hiring out on mainly long-term leases). 370,062 new shares allotted under absolute entitlement were subscribed or 39.51% of the total number of new shares on issue. Another 555,685 shares were applied for subject to cutting back in the event of oversubscription, and orders for these were all filled. Another 27,000 shares had been applied for by the general public, and following partial application of the extension clause it proved possible to fill orders for all of these.

As the result of the rights issue, TOUAX is well placed to respond to the boom in corporate outsourcing of non-core assets, and every day provides over 5,000 customers with quick and flexible leasing solutions. TOUAX is now listed on Euronext in Paris - NYSE Euronext Compartment C (ISIN Code FR0000033003), and features in the SBF 250 Index.

**Questions**

1. After analyzing the case, do you think all the companies that can afford, should opt for rights issue to improve their financial status?
2. What do analyses as the 2 main advantages of the rights issue?
3. What do think can be the risks posed by rights issue?