LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.A. DEGREE EXAMINATION – **ECONOMICS**

SIXTH SEMESTER – APRIL 2017

EC 6600 - PORTFOLIO MANAGEMENT

Date: 20-04-2017 Dept. No. Max. : 100 Marks
Time: 09:00-12:00

PART-A (5 x 4 = 20 Marks)
Answer any FIVE Questions each in about 75 words

1. What do you understand about portfolio management?
2. Differentiate between risk and return.
3. Briefly explain the Security Market Line (SML) .
4. What is an efficient market and how does it affect individual investors?
5. Write a note on the different types of derivative assets.
6. List out the various factors that determine return on investment.
7. State the assumptions of Binomial Option Pricing Model.

PART-B (4 x 10 = 40 Marks)
Answer any FOUR Questions each in about 250words

8. Explain the factors that are responsible for causing internal risk.
9. Explain about the various methods of measuring portfolio risk.
10. Briefly outline the Sharp's single index market model.
11. Explain the main aspects of Cootner's price value interaction model.
12. Illustrate the Black-Scholes option pricing model. using a suitable example.
13. Explain the functions of portfolio management.
14. Discuss the assumptions of Capital Asset Pricing Model (CAPM).

PART-C (2 x 20 = 40 Marks)
Answer any TWO Questions each in about 900 words

15. Discuss Markowitz model of portfolio management.
16. Explain the Arbitrage Pricing Theory of portfolio management.
17. Critically examine the Efficient Markets Hypothesis of Fama.
18. Explain the structure of SWAPs. Point out how to reduce SWAP risk.

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