LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – **ECONOMICS**

FOURTH SEMESTER – **APRIL 2019**

16/17PEC4MC01– PORTFOLIO THEORY AND INVESTMENT ANALYSIS

Date: 01-04-2019   Dept. No. [   ]   Max. : 100 Marks

Time: 09:00-12:00

PART – A

Answer any FIVE questions in about 75 words each   (5 x 4 = 20 marks)

1. State the functions of Financial Markets.
2. What are the various types of Financial Futures?
3. Distinguish between a front-end local fund and a back-end local fund.
4. What is a Stock Split? Give an example.
5. Write a short note on 'Options'.
6. What is NOPAT?
7. Comment on Tobin's q.

PART – B

Answer any FOUR questions in about 300 words each   (4 x 10 = 40 marks)

8. Distinguish between an Investor and a Speculator.

9. Explain the various money market instruments.

10. The current dividend on an equity share of Pioneer Technology is Rs.3.00. Pioneer is expected to enjoy an above-normal growth rate of 40 per cent for 5 years. Thereafter the growth rate will fall and stabilize at 12 per cent. Equity investors require a return of 15 per cent from Pioneer's stock. What is the intrinsic value of the equity share of Pioneer?

11. Discuss the three levels of market efficiency.

12. The share of Omega Company which is not expected to pay dividend in the near future is currently selling for Rs.150. The risk-free interest rate is 0.8% per month. A 3 month futures contract is selling for Rs. 152. Develop an arbitrage strategy and show what would be the profit 3 months hence.

13. Explain the trend in Algorithmic Trading in the Indian context.

14. Explain the Capital Asset Pricing Model.

PART – C

Answer any TWO questions in about 1200 words each   (2 x 20 = 40 marks)

15. Explain the functions of SEBI as a regulatory authority.
16. Elucidate the common trading strategies used in Algorithmic Trading.
17. Enumerate the various avenues for Fund Management.
18. Explain the Black-Scholes model of option valuation.

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1