LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

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

SIXTH SEMESTER – **NOVEMBER 2024**

UEC 6502 – PORTFOLIO MANAGEMENT

Date: 20-11-2024 Dept. No. Max. : 100 Marks

Time: 09:00 am-12:00 pm

	SECTION A - K1 (CO1)
	Answer ALL the Questions (10 x 1 = 10)
1.	**Match the following**
a)	Intrinsic value < market price - Fundamental analysis
b)	Volatility - Technical analysis
c)	Perfectly efficient prices - Sell
d)	Historical prices - Samuelson model
e)	Dividend/profit/EPS - Fluctuations in market prices
2.	**Answer the following**
a)	What are the two components of return?
b)	Write a short note on Dual Funds.
c)	What are preference shares?
d)	Why are 'Options' called so?
e)	Distinguish between closed-end and open-end investment companies.
	SECTION A - K2 (CO1)
	Answer ALL the Questions (10 x 1 = 10)
3.	**MCQ**
a)	Which of the following is a type of unsystematic risk? a. Market risk c. Interest rate risk b. Financial risk d. Purchasing power risk
b)	According to Markowitz model, the covariance should be ___ for the portfolio risk to be minimum. a. positive c. 0 b. negative d. constant
c)	Common stock falls under which category of investment? a. Debt instruments c. Preferred stock b. Equities d. Real estate
d)	A group of investment is known as a. Security c. Gambling b. Portfolio d. Speculation
e)	Which is said to be a 'hybrid security'? a. Common stock c. Debenture b. Preferred stock d. Treasury Bills

4.	**True or False**
a)	Security Analysis is the process of estimating risk and return for individual securities.
b)	Systematic risks are diversifiable.
c)	Call option is an option to sell.
d)	Government bond is an example of risk-free asset.
e)	Speculator is a person who expects higher return with higher risk.
	SECTION B - K3 (CO2)
	Answer any TWO of the following in 100 words each. (2 x 10 = 20)
5.	Distinguish between investment and speculation.
6.	Give an account of the types of mutual funds.
7.	Explain the Arbitrage pricing model.
8.	Draw the price tree for the following data: Current market price = 110, Price can increase by 5% or fall by 3%, Time period = 3 swings.
	SECTION C – K4 (CO3)
	Answer any TWO of the following in 100 words each. (2 x 10 = 20)
9.	Give an account of the various types of Systematic and Unsystematic risks.
10.	Explain the William Sharpe's Single Index model.
11.	Explain the concept of Interest Rate Swaps with relevant example and diagrams.
12.	Explain Cootner's price-value interaction model.
	SECTION D – K5 (CO4)
	Answer any ONE of the following in 250 words (1 x 20 = 20)
13.	Elucidate the various Investment Categories that are available for an investor.
14.	What are derivatives? Briefly explain the various types of derivative assets.
	SECTION E – K6 (CO5)
	Answer any ONE of the following in 250 words (1 x 20 = 20)
15.	Explain in detail the Capital Asset Pricing model.
16.	Elucidate the three forms of efficient-market hypothesis.
