



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

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

FOURTHSEMESTER – APRIL 2018

**EC 4813- PORTFOLIO THEORY AND INVESTMENT ANALYSIS**

Date: 27-04-2018  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

**PART A**

Answer any **FIVE** Questions from the following not exceeding 75 words:[5x4=20marks]

1. Define ex-ante Return and Risk.
2. State the Prospect theory using a suitable diagram.
3. Write a note on H model of equity evaluation.
4. State the regulatory functions of SEBI in stock trading.
5. Differentiate between Forwards and Futures Contract.
6. Write a note on “Value –at – Risk”.
7. Define Put- Call Parity using a suitable diagram.

**PART B**

Answer any **FOUR** Questions from the following not exceeding 300 words:[4x10=40marks]

8. The rates of return on stock A [R(A)] and market portfolio [R(M)] are given below:

Period	R(A) (%)	R(MP) (%)	Period	R(A) (%)	R(M) (%)
1	10	12	9	-9	1
2	15	14	10	14	12
3	18	13	11	15	-11
4	14	10	12	14	16
5	16	9	13	6	8
6	16	13	14	7	7
7	18	14	15	-8	10
8	4	7	-	-	-

- a. What is the beta for stock A?
  - b. What is the characteristic line for stock A?
9. ‘The weak form version of the efficient market hypothesis implies that current and lagged prices are unrelated’. Discuss.
  10. Comment on the performance of Mutual funds in India.
  11. Discuss the various approaches to equity evaluation techniques.
  12. Examine in detail the pricing of bonds and the calculation of Yield using a suitable illustration.

13. Compare and contrast Binomial Option pricing model with Black – Scholes option pricing model.
14. Explain Markowitz' Diversification effect.

**PART C**

Answer any **TWO** Questions from the following not exceeding 1200 words:[2x20=40marks]

15. Elaborate the various dimensions of the Portfolio Management Framework.
16. State the assumptions of the Capital Asset Pricing Model and establish the expected equilibrium relationship using suitable derivations and diagrams.
17. Examine in detail the various investment avenues accessible to investors in the Indian financial economy.
18. Comment on the performance of Indian Money Market highlighting its pros and cons.

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