# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SIXTH SEMESTER – APRIL 2022

### 16/17/18UEC6MC01 - PORTFOLIO MANAGEMENT

Date: 15-06-2022 Dept. No. Time: 01:00 PM - 04:00 PM

## PART-A

## Answer any FIVE questions in about 75 words each.

- 1. Distinguish between investment and speculation.
- 2. What are the two components of return?
- 3. Distinguish between bond and equity.
- 4. Write a short note on preference shares.
- 5. What is portfolio analysis?
- 6. What do you understand by Hedging?
- 7. The expected rate of return of ABC Ltd. are as follows:

Rates of Return	Probability
0.05	0.20
0.10	0.40
0.08	0.10
0.11	0.30

Calculate the expected return on the security.

## PART-B

### Answer any FOUR questions in about 250 words each.

- 8. Give an account of the various types of systematic and unsystematic risks.
- 9. Explain the William Sharpe's single index model.
- 10. Analyze the risk diversification strategy put forth by Markowitz.
- 11. Explain Cootner's price-value interaction model.
- 12. Give an account of the types of mutual funds.
- 13. Diagrammatically explain the concept of Interest Rate Swaps with example.
- 14. What are derivatives? Briefly explain the various types of derivatives.

## PART-C

### Answer any TWO questions in about 900 words each.

- 15. Critically examine the Capital Asset Pricing model.
- 16. Elaborate the various investment alternatives that are available for an investor.
- 17. What is efficient market hypothesis? Explain the various forms of market hypothesis.
- 18. Elucidate Binomial Option pricing model.

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(4x10=40)

(2x20=40)

Max. : 100 Marks