LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

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

SIXTH SEMESTER – **APRIL 2025**

UEC 6502 – PORTFOLIO MANAGEMENT

Date: 26-04-2025 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.	**Multiple Choice Questions**
a)	In economics, investment refers to: a) Spending money on luxury items b) The purchase of assets with the expectation of generating income or increasing in value c) Depositing money in a bank account d) Buying products for immediate consumption
b)	The Arbitrage Pricing Theory (APT) is a model used in: a) Accounting b) Financial markets c) Marketing strategies d) Supply chain management
c)	Who developed the framework of market efficiency? a) Milton Friedman b) John Maynard Keynes c) Eugene Fama d) Stephen Ross
d)	In a derivative contract, the value of the derivative is directly influenced by: a) Market speculation only b) The performance of the underlying asset c) Government intervention d) Fixed interest rates
e)	Which of the following is NOT a strategy used to mitigate forex risk? a) Forward contracts b) Currency swaps c) Buying lottery tickets d) Options contracts
2.	**Fill in the blanks**
a)	__________ management is the selection, prioritization, and control of an organization's programs and projects.
b)	The ------------------ theory aims to pinpoint the fair market price of a security that may be temporarily incorrectly priced.
c)	Samuelson's continuous equilibrium model primarily focuses on ------------
d)	The binomial option pricing model (BOPM) is a ----------------technique that estimates the value of an option. It is based on the idea that an asset's price can move up or down at a given time.
e)	------------hedging uses forward contracts to lock in a price for a future transaction, mitigating the risk of adverse price fluctuations, and is a common risk management strategy.

	SECTION A - K2 (CO1)
	Answer ALL the Questions **(10 x 1 = 10)**
3.	**State True or False**
a)	Risk and return are two important concepts in investing that are indirectly related.
b)	The arbitrage pricing theory is an alternative to the CAPM that uses fewer assumptions and can be harder to implement than the CAPM
c)	The semi-strong form of market efficiency states that stock prices rapidly adjust to all publicly available information.
d)	Futures pricing involves determining the price of a contract to buy or sell an asset at a Past date, influenced by the current spot price, time to expiration, interest rates, and storage costs, among other factors.
e)	Credit risk management involves identifying, assessing, mitigating, and monitoring credit risks
4.	**Match the following**
a)	William Sharpes' - Risk management technique
b)	CAPM - The net present value (NPV) of all expected cash flows
c)	Paul H. Cootner - Expected return and risk of investing in a security
d)	valuation of a swap - 1964
e)	Hedging - Single Index Market Model
	SECTION B - K3 (CO2)
	Answer any TWO of the following in 100 words each. **(2 x 10 = 20)**
5.	Explain the Functions of Portfolio Management
6.	Illustrate the Capital Asset Pricing Models.
7.	Explain Markowitz Diversification effect in portfolio theory.
8.	Summarise the Binomial Option Pricing Model
	SECTION C – K4 (CO3)
	Answer any TWO of the following in 100 words each. **(2 x 10 = 20)**
9.	Examine the Concept of Risk and Return.
10.	Analyse the Samuelson's' Continuous Equilibrium Model.
11.	Explain the Black-Scholes option-pricing model.
12.	Write a note on Money Market Hedging
	SECTION D – K5 (CO4)
	Answer any ONE of the following in 250 words **(1 x 20 = 20)**
13.	Critically evaluate the William Sharpes' Single Index Market Model.
14.	Assess the Empirical evidence on Efficient Market Hypothesis.
	SECTION E – K6 (CO5)
	Answer any ONE of the following in 250 words **(1 x 20 = 20)**
15.	Illustrate the types of Derivatives.
16.	Discuss the role of Hedging in managing foreign exchange risk.
