



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – ECONOMICS

FOURTH SEMESTER – NOVEMBER 2016

EC 4813 – PORTFOLIO THEORY AND INVESTMENT ANALYSIS

Date: 10-11-2016

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

Part – A

Answer any FIVE questions in about 75 words each.

(5 x 4 = 20 marks)

1. Define Portfolio Management and list out its functions.
2. Distinguish between Exchange trading and OTC Trading.
3. Write a short note on derivative instruments.
4. What is forward contract?
5. What is meant by short selling? Give an example.
6. Define Diversification. Give suitable example.
7. Distinguish between systematic and unsystematic risks.

Part – B

Answer any FOUR questions in about 300 words each.

(4 x 10 = 40 marks)

8. Define money market. What are the instruments of money market?
9. Briefly explain the financial market regulations implemented in India.
10. Distinguish between 'Forward and Future Contracts'.
11. Explain the Put-Call Parity theorem using suitable illustration and diagrams.
12. Discuss the benefits of Mutual funds.
13. Comment on the superiority of APT over CAPM.
14. What is risk projection? Discuss the steps involved in risk projection.

Part – C

Answer any TWO questions in about 1200 words each.

(2 x 20 = 40 marks)

15. Write an essay on OTCEI. Bring out the functions, scope and limitations of this institution.
16. Derive the CAPM equation by detailing the assumptions of the CAPM. Support your answer with graphical evidence.
17. Discuss option pricing through the Binomial Model with an example.
18. Describe the various methods of measuring portfolio performance.
