II Semester P.G.D.S.A.P.M. Examination, June/July 2010
PORTFOLIO SELECTION-FIXED AND VARIABLE INCOME SECURITIES

Time : 3 Hours   Max. Marks : 80

SECTION – A

Answer **any five** questions. **Each** question carries **two** marks.   **(5×2=10)**

1. a) What is the functions of primary market ?

   b) What is unique risk ?

   c) State the assumptions of CAPM.

   d) What is weak form of market ?

   e) Define diversification.

   f) What is yield ?

   g) What is duration ?

SECTION – B

Answer **any four** questions. **Each** carries **five** marks :   **(4×5=20)**

2. Define the standard deviation of the return on a two security portfolio.

3. What are the investment implications of CAPM ?

4. What is the verdict on efficient market hypothesis ?

5. Explain Dow theory.

6. What are the objectives and powers of SEBI ?

SECTION – C

Answer **five** questions. **Each** question carries **ten** marks. **(5×10=50)**

7. Write a note on active portfolio strategy ?

8. Explain security selection.

9. Discuss the types of test that have been commonly employed to verify the weak form of EMH.

10. Discuss the empirical evidence on the CAPM.

11. Returns on two stocks are as follows :

State of economy	Probability	Return on stock 1	Return on stock 2
1	0.25	5	2
2	0.30	10	8
3	0.20	12	18
4	0.15	14	20

 i) What is the standard deviation of returns on stock 1 and stock 2.

ii) What is the correlation co-efficient between the returns on stock 1 and 2 ?

12. Explain the basis of fundamental analysis.

13. "The increase in the risk-premium of all stocks, irrective of their beta, is the same, when risk aversion increases". Comment.

14. Write a note on the following :

 a) Moving averages

 b) Relative strength Index.

 c) Occilators

 d) Resistance and support levels.

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II Semester P.G.D.S.A.P.M. Examination, June/July 2010
COMMODITY MARKET

Time : 3 Hours   Max. Marks : 80

SECTION – A

Answer **any five** questions. **Each** carries **two** marks :   **(2×5=10)**

1. a) Define Hedge.

   b) What is VAR ?

   c) What is GARCH ?

   d) What is simulation ?

   e) What is a commodity future ?

   f) What is ETF ?

   g) List commodities a future trading.

SECTION – B

Answer **any four** questions. **Each** carries **five** marks :   **(4×5=20)**

2. Explain the relation between commodity and consumer price connection.

3. Discuss the Stochastic behaviour of a commodity.

4. Explain marco decision process for investment in commodity market.

5. Explain "Volatility".

6. Explain the unresolved issues in commodity market.

SECTION – C

Answer **any five** questions. **Each** question carries **ten** mark :   **(5×10=50)**

7. Discuss briefly requirements of commodity derivatives ?

8. What is the structure of a multi site problem ?

9. Explain co integration analysis and state its result.

10. Explain the temporal price relationship between the futures and cash prices.

11. Explain various methods of volatality estimation.

12. Explain the cost function.

13. Explain the various turning points of testing commodities.

14. Explain the results of two and three factor model.

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II Semester P.G.D.S.A.P.M. Examination, June/July 2010
DERIVATIVE SECURITIES

Time : 3 Hours   Max. Marks : 80

SECTION – A

Answer **any five** questions. **Each** carries **two** marks.   **(2×5=10)**

1. a) What is short hedge ?

   b) Define cost of carry model.

   c) Define futures contract.

   d) State the participants in derivative market.

   e) What is continuous compounding of interest rate.

   f) What is convergence ?

   g) What is option delta ?

SECTION – B

Answer **any four** questions. **Each** carries **five** marks.   **(4×5=20)**

2. Explain hedge ratio ? How is it determined ?

3. Explain implied volatalities.

4. Discuss Brownian motion in continuous time.

5. Discuss the claim pricing.

6. Describe the models for the short rate.

Answer **any five** questions. **Each** question carries **ten** marks. (5×10=50)

7. Explain pricing Kernel.

8. Describe the convergence of future-spot.

9. Explain the risk neutral pricing and their arbitrage.

10. Write a note on
    i) Stylized Fact
    ii) B.S. Methodology.

11. Explain briefly various types of Margins

12. Give differences between forward and future contract.

13. Write note on :
    i) Building block
    ii) Brownian motion.

14. Explain the Binomial frame work of COX, ROSS and Rubisten with example.

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II Semester P.G.D.S.A.P.M. Examination, June/July 2010
ECONOMETRICS METHODS IN FINANCE

Time : 3 Hours   Max. Marks : 80

SECTION – A

Answer **any five** questions. **Each** question carries **two** marks.   **(2×5=10)**

1. a) What is method of Moments ?

   b) What is Econometric analysis ?

   c) Define linear regression.

   d) Define law of large numbers.

   e) What is conditional probability ?

   f) What is a random variable ?

   g) Define the analysis of variance.

SECTION – B

Answer **any four** questions. **Each** question carries **5** marks :   **(4×5=20)**

2. What is binomial distribution ?

3. What are the steps in hypothesis testing ?

4. Explain central limit theorem.

5. Explain Chebyshev's Inequality.

6. What is population variance ?

SECTION – C

Answer **any five** questions. **Each** question carries **10** marks : **(5×10=50)**

7. What is data modeling ? What are the assumptions of regression analysis ?

8. What are the difference between linear and non-linear least squares ?

9. Explain the probability theory.

10. Describe the relation between statistics and probability.

11. Explain normal distribution.

12. Discuss the discrete case of variance.

13. Explain stationary random function.

14. When mean value of cash flow is Rs. 1000, Z = 800 and μ = 500, determine the probability of the cash being positive, being negative and some value between 25 w and 35 w.

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II Semester P.G.D.S.A.P.M. Examination, June/July 2010
INTERNATIONAL FINANCIAL MARKETS AND PORTFOLIO DIVERSIFICATION

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **any five** questions. **Each** question carries **2** marks.

1. a) What is a call money market ?

   b) What is leveraged trading ?

   c) What are dynamic games ?

   d) Who are speculators ?

   e) What do you mean by bid ask spread ?

   f) What is escalation machanism ?

   g) What is matrix table ?

SECTION – B

Answer **any four** question. **Each** question carries **5** marks : (4×5=20)

2. Who are the participants in the foreign exchange market ?

3. Define commodity markets. How are commodity markets are regulated ?

4. State the functions of a stock exchange.

5. Explain the importance of technical analysis.

6. Explain the features of certificate of deposit and commercial papers.

SECTION – C

Answer **any five** question. **Each** question carries **10** marks :   (5×10=50)

7. Explain the various tools of fundamental analysis.

8. Compare and contrast fixed exchange rate and floating exchange rate.

9. Explain markets and submarkets. The R and D vs Concentration relation.

10. Discuss the factors affecting exchange rate.

11. Describe the importance of financial intermediaries.

12. Discuss learning by doing models and network effects.

13. Distinguish between the price competition machanism and escalation mechanism.

14. Discuss the reasons for the development of Euro-currency market.

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II Semester P.G.D.S.A.P.M. Examination, June/July 2010
PORTFOLIO PERFORMANCE EVALUATION

Time : 3 Hours   Max. Marks : 80

SECTION – A

Answer **all five** questions. **Each** question carries **2** marks.   **(2×5=10)**

1. a) What is Beta of a stock ?

    b) Define conditional alpha.

    c) What is non-linear pay off ?

    d) Define market timing.

    e) What is expected return ?

    f) What is T^2 ?

    g) What is information ratio ?

SECTION – B

Answer **any four** questions. **Each** question carries **five** marks :   **(4×5=20)**

2. Write a note on Bond and hedge fund performance.

3. Explain the conditional market timing evidence.

4. Discuss Dynamic Risk exposure.

5. Write a note on data issues.

6. Explain motivation with example.

SECTION – C

Answer **any five** questions. **Each** question carries **ten** marks : (5×10=50)

7. Illustrate Sharpe's Ratio.

8. Write a note on Treynor-Black appraisal ratio.

9. Explain bond fund performance measurement.

10. Explain the Beta pricing Approach.

11. Describe conditional Alphas.

12. Discuss properties of the classical measures.

13. Discuss the classical measures of investment performance.

14. Describe the relationship that exist between market efficiency and portfolio performance.

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