

C 82116

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Name.....

Reg. No.....

FOURTH SEMESTER M.B.A. DEGREE EXAMINATION, JUNE 2020

(CUCSS)

M.B.A.

BUS 4E F07/IB 07—FINANCIAL DERIVATIVES

(2016 Admission onwards)

Time : Three Hours

Maximum : 36 Weightage

Section A

Answer all the questions.

Each question carries 1 weightage.

1. What is meant by Financial Market ?
2. What is Financial Engineering ?
3. What is equity swaps ?
4. What is value at risk ?
5. What are the types of future contracts ?
6. What is forward-spot parity ?

(6 × 1 = 6 weightage)

Section B

Answer any four questions.

Each question carries 3 weightage.

7. Explain construction of various market situation and their pay off.
8. Explain pricing of futures and forwards on investment assets.
9. What are asset price random walks ?
10. Explain Betting on a large price decrease.
11. What do you mean by risk for option portfolios ?
12. Explain the sensitivity analysis.

(4 × 3 = 12 weightage)

Turn over

Section C

Answer any three questions.

Each question carries 4 weightage.

13. Explain hedging strategies.
14. What are the different option pricing ?
15. Explain the volatility estimation in Black and Scholes model.
16. Explain the pricing and valuation of swaps.
17. What is meant by modeling option prices ?

(3 × 4 = 12 weightage)

Section D

Answer the following compulsory question which carries 6 weightage.

18. Mr.P.S.Hari is the portfolio manager in TBP Asset Management Company. He has a debt fund that has invested Rs. 500 million in long terms corporate debentures. He wants to control the holding into synthetic floating rate portfolio. The portfolio pays 9 percent fixed return. Assume that a swap dealer offer 9 percent fixed for MIBOR. (Mumbai Inter Borrowing Rate)
 - (i) What should Mr.P.S Hari do ?
 - (ii) What will be the net payment ?

(1 × 6 = 6 weightage)