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MASTER OF BUSINESS ADMINISTRATION

Term-End Examination

June, 2012

MCTE-089 : FINANCIAL ENGINEERING AND RISK

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions. All questions carry equal marks.

1. What are different approaches to valuation of an equality share ? Which of these has the strongest theoretical roofs ?
2. Explain the Binomial Model of valuing the options. How an investor can take benefit of difference between the fair value and market value of options ?
3. What do you understand by portfolio management ? Explain its objectives.
4. Explain the CAPM. How does it help in the estimation of expected return of a security ?

5. What are the factors involved in Bond Valuation ? Explain with example the valuation of redeemable and perpetual bond.
 6. What is Credit risk ? Discuss the use of various credit derivatives to mitigate the credit risk.
 7. What are structured products ? Discuss the risk return relationship of these products.
 8. How do you ascertain the risk and return of a portfolio ?
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