

**MASTER OF BUSINESS ADMINISTRATION  
(FULL TIME PROGRAMME)  
(MBACN)**

00380

**Term-End Examination**

**June, 2013**

**MCNE-008 : DERIVATIVES AND PORTFOLIO  
MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

---

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

---

1. What are futures contracts ? Explain the concept of hedging and discuss how futures can be used as a hedging tool ?
2. What are SWAPs ? Explain the swap process and associated cash flows related to interest rate swaps and commodity swaps.
3. What are options ? Explain the Black and Scholes model for option valuation.
4. What is return ? How is the expected rate of return and holding period return calculated ?
5. Define efficient frontier. Distinguish between efficient portfolio and feasible portfolio.

6. Explain the Capital Asset Pricing Model (CAPM). State its assumptions and limitations, if any.
  7. Describe the basic arbitrage pricing theory model of two factors. Examine it critically.
  8. Explain the following :
    - (a) Treynor Index
    - (b) Sharpe Index
    - (c) Jensen IndexOut of these three which one do you recommend and why ?
-