

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

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**Term-End Examination
December, 2013**

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

Time : 3 hours

Maximum Marks : 100

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

1. (a) Define derivatives. What are the various derivative contracts used ? 10+10=20
(b) Who are the major participants in the derivatives market ? Explain them briefly.
2. Explain the concept of risk in a contemporary mode. How beta is used to estimate return ? 20
3. What are option contracts ? Discuss the settlement mechanism for option contracts. 20
4. "Capital Asset pricing model predicts the relationship between the risk of an asset and its expected return". Comment. 20
5. Explain the concept of portfolio return and risk. What is an efficient portfolio ? 20
6. Enlist the features of a futures contract. What are the key differences between forwards and futures ? 20

7. Write short notes on : **10+10=20**
- (a) Interest Rate Futures
 - (b) Binomial model for option valuation
8. (a) What are swaps ? **10+10=20**
- (b) Anand is bullish about the index. Spot Nifty stands at 2200. He decides to buy one three-month Nifty call option contract with a strike of 2260 at a premium of Rs.15 per call. Three months later the index closes at 2295. What is his pay off position ? (One Nifty contract is for delivery of 100 Nifties)
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