C 20738 (Pages : 2) Name...

Reg. No.....................................

SIXTH SEMESTER U.G. DEGREE EXAMINATION, MARCH 2022

(CBCSS—UG)

Economics

ECO 6B 11—FINANCIAL ECONOMICS

(2019 Admissions)

Time : Two Hours and a Half Maximum : 80 Marks

Section A (Short Answer Questions)

Answer at least **ten** *questions.*
Each question carries 3 marks.
All questions can be attended.
Overall Ceiling 30.

1. Security market line.
2. Derivatives market.
3. Dividend.
4. Equity valuation.
5. Put-call parity theorem.
6. Angel investors.
7. Primary market.
8. Gilt-edged securities.
9. Stock exchanges.
10. Cost of capital.
11. Financial derivatives.
12. Financial Economics.
13. Hedging.
14. Options.
15. Asset portfolio.

(10 × 3 = 30 marks)

Section B (Short Essay/Paragraph Questions)

Answer at least **five** *questions.*
Each question carries 6 *marks.*
All questions can be attended.
Overall Ceiling 30.

16. Explain dividend discount model.

17. Elucidate various methods of measuring risk.

18. What are the uses of derivatives ?

Turn over

19. Differentiate between forward contracts and future contracts.

20. Explain the top-down approach of investment valuation.

21. Explain the trade-off between risk and return.

22. Explain various methods for valuation of securities.

23. Explain binomial option pricing model. Point out major advantage of a binomial option pricing model.

(5 × 6 = 30 marks)

Section C (Long Essay Questions)

Answer any **two** *questions.*
Each question carries 10 *marks.*

24. Define investment criteria. Explain various criteria of investment.

25. Critically analyze Modigliani-miller hypothesis.

26. What do you mean by financial derivatives ? Discuss various types of financial derivatives.

27. Explain the capital asset pricing model. Discuss the uses of the CAPM model in investment analysis.

(2 × 10 = 20 marks)