COURSE CODE: BAFI 3200  
COURSE TITLE: Portfolio Management

STUDENT NAME  
STUDENT ID NO.  
SECTION

INSTRUCTIONS TO THE CANDIDATES
- ALL the questions are compulsory and MUST be answered
- Use only PEN for writing answers. Writing in Pencil is not allowed except for diagrams.
- Observe correct spelling.
- Copying by any means will be strictly awarded Zero.

Level : Advanced Diploma

<table>
<thead>
<tr>
<th>Date &amp; Day</th>
<th>6th April 2016 Wednesday</th>
<th>Time</th>
<th>09:00 AM - 11:00 AM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question Type</td>
<td>Allotted Marks</td>
<td>Marks Secured</td>
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<tr>
<td>I  True or False Questions</td>
<td>(8 x 1 mark) 8</td>
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<tr>
<td>II  Multiple Choice Questions</td>
<td>(8 x 1 mark) 8</td>
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<td>III Fill in the Blank</td>
<td>(4 x 1 mark) 4</td>
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<tr>
<td>IV Short answer Questions</td>
<td>(4 x 4 marks) 16</td>
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<tr>
<td>V Analytical Question</td>
<td>(8+6=14 marks) 14</td>
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<td><strong>TOTAL</strong></td>
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<td>50</td>
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TOTAL MARKS SECURED IN WORDS

Marked by:  
Signature:  
Date :  

Verified by:  
Signature:  
Date :
I TRUE OR FALSE

Tick [✓] the word TRUE if the statement is correct and FALSE if the statement is wrong.

1. According to modern portfolio theory investors expected to be compensated for additional risk and provided a framework for measuring risk.  
   True False

2. The Black - Scholes Option Pricing Model is based on the concept Of risky Hedge.  
   True False

3. The common practice in the traditional approach is to evaluate the entire financial plan of the individual.  
   True False

4. In a forward contract, two parties agree to buy or sell some underlying asset on some future date at a stated price and quantity.  
   True False

5. If the investor sells the option against the stock held in his or her portfolio is said to be 'naked options'.  
   True False

6. Investing in stocks is safer than investing in the bonds and debentures.  
   True False

7. Normal trading session of Muscat securities Market are from 10 am to 5 pm .  
   True False

8. The non-negotiable securities may yield variable income or fixed income.  
   True False
II MULTIPLE CHOICE QUESTIONS

1. Generally, treasury bills are of ....
   
   A. 191 Days
   B. 196 Days
   C. 91 Days
   D. 189 Days

2. The negotiable financial investment is different from the non-negotiable financial investment in terms of
   
   A. Maturity period
   B. Interest rate
   C. Transferability
   D. Face Value

3. Non Banking Finance Companies (NBFCs) offer higher interest rate because of
   
   A. The best management funds
   B. The competition among the NBFCs
   C. The risk involved
   D. The public demand
4. \[ V = P\{N(d_1)\} - e^{rt} S\{N(d_2)\} \], in the given formula P stands for

A. Current price of the sold share
B. Current price of the underlying share
C. Current price of the company share
D. Future price of the underlying share

5. Stock exchange

A. Helps in the fixation stock prices
B. Ensures safe and fair dealing
C. Induces good performance by the company
D. All the above

6. Muscat Security Market (MSM) listed shares are from

A. Two categories
B. Three categories
C. Four categories
D. Only one category
7. Which among the following is correct for the main objective of capital issue

A. To capitalize the reserve
B. To diversify the production
C. To expand an existing company
D. All of the above

8. Which among the following is not correct for Common money market instruments....

A. Treasury bills
B. Commercial paper
C. Certificate of deposit
D. Cyclical shares
III Fill in the blanks

1. The capital asset pricing model (CAPM) was introduced by ____________________

2. The return that the investor requires and the degree of ________________ he is willing to take depend upon the constraints.

3. Investor with a low tax burden would prefer to go in for ____________________ instruments.

4. The denomination of commercial paper is ____________________
IV Short Answer Questions. (4 x 4 marks = 16 marks)

Discuss each item briefly. Limit your ideas or points as required in each question or statement.

1. “The speculators are more interested in the market action and its price movement”
   Elaborate the given statement. (4 marks)
2. What are the functions of stock exchange? Write brief note on any two Functions of stock exchange.

(2x2=4 marks)
3. Write a brief note on Muscat Security Market (MSM). (4 marks)
4. Explain about New York stock exchange (NYSE). (4 marks)
V. Analytical Question

1. What do you know about money market instrument? Explain any three money market instrument studied by you.

(2+2+2+2=8 marks)
2. Explain any four constraints in the formulation of Investment objective.

(1.5x4=6 marks)
Wish you all best wishes