Reg. No.



End Semester Examination – Nov / Dec – 2019

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| **Code :** | **18MS3026** | **Duration :** | **3hrs** |
| **Sub. Name :** | **BEHAVIORAL FINANCE** | **Max. Marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| **Q.**  **No.** |  | **Questions** | **Course Outcome** | | **Marks** |
| 1. |  | Discuss in detail the role of Behavioural finance in Investment  Decisions. | CO1 | | 20 |
| **(OR)** | | | | | |
| 2. |  | Explain in detail the significance of Expected Utility Hypothesis. | | CO3 | 20 |
|  |  |  | |  |  |
| 3. |  | Risk Loving and Risk Averse attitude of the Investor - Explain it  by the use of Friedman - Savage Utility function. | | CO4 | 20 |
| **(OR)** | | | | | |
| 4. |  | What are the steps that need to be undergone in Bayesian Decision  Making? | | CO4 | 20 |
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| 5. |  | Elucidate on Heuristics and cognitive biases. | | CO5 | 20 |
| **(OR)** | | | | | |
| 6. |  | List out the reasons for Forecasting biases. Explain them in detail. | | CO2 | 20 |
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| 7. |  | Narrate the types of financial decisions at each and every stages of  personal life from Birth of an Individual. | | CO2 | 20 |
| **(OR)** | | | | | |
| 8. |  | Mention eight investing styles of an individual and elaborate them in detail. | | CO3 | 20 |
|  | |  | |  |  |
| 9. |  | **Compulsory:**  An Investor earns Rs.45000 per month. Assume he has one daughter and one son. Daughter is in the age of 6 years and son is in the age of 8 years. He wants to construct a portfolio of asset classes which can fetch him a minimum of 18%. The option before him is SIP, FD, Gold Bond, Post Office Schemes, Deposits at Small Finance Banks, Insurance schemes, Gold and Diamond, National Pension Scheme and Public Provident Fund.  Questions:   1. Rank the different investment schemes in terms of risks 2. How much proportion, he can set aside for each of schemes so as to reach the target of 18% return? 3. Briefly explain how much return the investor will enjoy from each of selected schemes. 4. Will there be any possibility for the investor to exceed the target 18% by means of his best portfolio Construction? | | CO4 | 20 |