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Total No. of Pages : 02

Total No. of Questions : 15

**MBA (2015 to 2017) (Sem.-4)****FINANCIAL ENGINEERING****Subject Code : MBA-930****M.Code : 71389****Time : 3 Hrs.****Max. Marks : 60****INSTRUCTION TO CANDIDATES :**

1. **SECTION-A** contains **SIX** questions carrying **FIVE** marks each and students has to attempt any **FOUR** questions.
2. **SECTION-B** consists of **FOUR** Subsections : Units-I, II, III & IV. Each Subsection contains **TWO** questions each carrying **EIGHT** marks each and student has to attempt any **ONE** question from each Subsection.
3. **SECTION-C** is **COMPULSORY** carrying **EIGHT** marks.

**SECTION-A**

1. What is Speculation?
2. Difference between Financial Engineering and Financial Analysis
3. What is Portfolio?
4. What is currency swaps?
5. What do you mean by efficient market?
6. What is swap?

**SECTION-B****UNIT-I**

7. What are the factors contributing to the growth of Financial Engineering?
8. What is Financial Engineering? Explain the scope of Financial Engineering.

## UNIT-II

9. Briefly explain and illustrate the concept of 'time value of money'.
10. What is non-diversifiable risk only relevant risk? How is such risk measurable?

## UNIT-III

11. Explain different types of Derivatives instrument available.
12. What are the basic Principles of options?

## UNIT-IV

13. Explain different Swaps contracts.
14. How we can manage Interest rate risk.

## SECTION-C

### 15. Case study :

An investment manager has chanced upon a couple of securities with identical variance of 25 percent, but zero covariance between their returns.

- a) Calculate portfolio risk when any two securities are combined in equal proportions.
- b) Calculate portfolio risk when any three securities are combined in equal proportions.
- c) Generalize your results for the  $n$  security case.

**NOTE : Disclosure of identity by writing mobile number or making passing request on any page of Answer sheet will lead to UMC case against the Student.**