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| h) | free rate of intere Explain a bear sp Explain Bull spre | price of st is 10% read with ad with ca | lerivative ma forward of and time of call by way | narket? contract if to to expiration ay of an ex of an exam | n is 1yea ample. | | 210 5,00,000, the risk | 210 |
| j) 210 a) b) c) d) | What is a short s 210 Only Focused-S What are the diffe Explain the three Describe the four Describe the cla | hort Anserent way most importar | Show with 210 Swer Type /s to mana portant type nt features | Part-II Questions ge risk? es of busin of Financia | 210 S- (Answ ess risk? al Derivati | ves. | | 210 (6 x 8) |
| e) f):10 g) | Explain how a For Distinguish betwee Mr DD is bullish from the cmp of approaches you. <i>TCS (1000), Rs 2</i> Suppose the spo | een a futu about th Rs 200 v You advi 2 30 June t price or | ure contractive shares of within 3 modes of the contraction of the con | t from an 0 of TCS. He onths. He v ouy a call o | e expects wants to be ption whi | the price ma buy shares buch trades as | ut fears a fall. He follows: | • |
| h) 210 | Explain the Payor following data: © Exercise Price is 130,140,150,160 | offs of ca s Rs 150 ,170,180 | all option b 210 0, Option ,190,200 | - | 210 | 210 | 210 | 210 |
| i) | An investor has 1950/ The investo hedge his por | a portfol stor fears tfolio. Fin | io worth R a fall of m d out the int is Rs 20 | narket by 5 gain or los | %. He wa | ants to sell S | tock İndex Future | • |
| 210 | 210 | | 210 | 1 | 210 | 210 | 210 | 210 |
| | 210 a) b) c) d) e) f):10 g) | Only Focused-S a) What are the difference Describe the four describe the four describe the clare mechanisms. e) Explain how a Form of Distinguish between the composition of the compo | Only Focused-Short Ans a) What are the different way b) Explain the three most important c) Describe the four important d) Describe the classification mechanisms. e) Explain how a Forward condition of the composition of the composition of the composition of the composition of the situation of the composition of the | Only Focused-Short Answer Type a) What are the different ways to manable Explain the three most important type c) Describe the four important features d) Describe the classification of derivemechanisms. e) Explain how a Forward contract is set for the contract is set | 210 210 210 210 210 Part-II Only Focused-Short Answer Type Questions a) What are the different ways to manage risk? b) Explain the three most important types of busin c) Describe the four important features of Financia d) Describe the classification of derivatives bas mechanisms. e) Explain how a Forward contract is settled? f) 10 Distinguish between a future contract from an C g) Mr DD is bullish about the shares of TCS. He from the cmp of Rs 200 within 3 months. He wapproaches you. You advise him to buy a call of TCS (1000), Rs 230 June, CA, Rs 15 Suppose the spot price on a day is Rs 320 or or loss in either of the situations. h) Explain the Payoffs of call option buyer and following data: 10 Exercise Price is Rs 150, Option Premium if 130,140,150,160,170,180,190,200 Also show it in the form of graphs. i) An investor has a portfolio worth Rs 11,75,00 1950/ The investor fears a fall of market by 5 to hedge his portfolio. Find out the gain or los that the price per index point is Rs 200. | What is a short strangle? Show with an example. 210 Part-II²¹⁰ Only Focused-Short Answer Type Questions- (Answa) What are the different ways to manage risk? b) Explain the three most important types of business risk? c) Describe the four important features of Financial Derivatid d) Describe the classification of derivatives based on Unechanisms. e) Explain how a Forward contract is settled? f) 10 Distinguish between a future contract from an Option corg g) Mr DD is bullish about the shares of TCS. He expects from the cmp of Rs 200 within 3 months. He wants to be approaches you. You advise him to buy a call option white TCS (1000), Rs 230 June, CA, Rs 15 Suppose the spot price on a day is Rs 320 or Rs190. Do or loss in either of the situations. h) Explain the Payoffs of call option buyer and call option following data: 0 210 210 Exercise Price is Rs 150, Option Premium is Rs 5 at 130,140,150,160,170,180,190,200 Also show it in the form of graphs. i) An investor has a portfolio worth Rs 11,75,000 Currer 1950/ The investor fears a fall of market by 5%. He was to hedge his portfolio. Find out the gain or loss if he re that the price per index point is Rs 200. | What is a short strangle? Show with an example. 210 Part-II²¹⁰ 210 Only Focused-Short Answer Type Questions- (Answer Any Eight What are the different ways to manage risk? b) Explain the three most important types of business risk? c) Describe the four important features of Financial Derivatives. d) Describe the classification of derivatives based on Underlying Asmechanisms. e) Explain how a Forward contract is settled? f) Distinguish between a future contract from an Option contract. 210 g) Mr DD is bullish about the shares of TCS. He expects the price mather composed from the cmp of Rs 200 within 3 months. He wants to buy shares be approaches you. You advise him to buy a call option which trades as a TCS (1000), Rs 230 June, CA, Rs 15 Suppose the spot price on a day is Rs 320 or Rs190. Discuss the part or loss in either of the situations. h) Explain the Payoffs of call option buyer and call option seller at explain the Payoffs of call option buyer and call option seller at explain the Payoffs of call option Premium is Rs 5 and the Spot 130,140,150,160,170,180,190,200 Also show it in the form of graphs. i) An investor has a portfolio worth Rs 11,75,000 Current NIFTY Fut 1950/ The investor fears a fall of market by 5%. He wants to sell S to hedge his portfolio. Find out the gain or loss if he really goes for that the price per index point is Rs 200. | y What is a short strangle? Show with an example. 210 Part-II ²¹⁰ 210 210 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) What are the different ways to manage risk? b) Explain the three most important types of business risk? c) Describe the four important features of Financial Derivatives. d) Describe the classification of derivatives based on Underlying Asset and Trading mechanisms. e) Explain how a Forward contract is settled? f) Distinguish between a future contract from an Option contract. 210 210 g) Mr DD is bullish about the shares of TCS. He expects the price may rise to Rs 350 from the cmp of Rs 200 within 3 months. He wants to buy shares but fears a fall. He approaches you. You advise him to buy a call option which trades as follows: TCS (1000), Rs 230 June, CA, Rs 15 Suppose the spot price on a day is Rs 320 or Rs190. Discuss the payoff and net gain or loss in either of the situations. h) Explain the Payoffs of call option buyer and call option seller at expiration form the 210 following data:0 210 210 210 Exercise Price is Rs 150, Option Premium is Rs 5 and the Spot Prices are Rs 130,140,150,160,170,180,190,200 Also show it in the form of graphs. i) An investor has a portfolio worth Rs 11,75,000 Current NIFTY Future quotes at Rs 1950/ The investor fears a fall of market by 5%. He wants to sell Stock Index Future to hedge his portfolio. Find out the gain or loss if he really goes for Futures. Assume that the price per index point is Rs 200. |

| 10 | | 210 | | 210 | 210 | 210 | 210 | 210 | 210 | | | |
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| 10 | | k) ³¹⁰ | at Rs 400 p initial margir basis if the t Rs 400, 403 What are the | er gram with an n. Set up a Buye he prices for first , 398, 390, 392, 3 e uses of options | ber gold futures of initial margin of fer's Margin account 10 days are as for 387, 394, 401, 40 per simaginary figures | 10% and mainter int and Seller's Nollows: 5, 410. s. Draw a graph t | nance margin of Margin Account of | 75% of on daily | 210 | | | |
| | Q3 | Only Long Answer Type Questions (Answer Any Two out of Four) Discuss who benefit out of derivative contracts and the objectives for entering into such contracts | | | | | | | | | | |
| 10 | Q4 | A 2 month call option on the Infosys with strike price of Rs 2100 is selling for Rs 140/- when the share is trading at Rs 2200/- Find the following: a. What is the intrinsic value? b. Why should one buy the call for a price in excess of intrinsic value? c. Under what circumstances the option holder would exercise his call? d. At what price of the asset the call option holder would breakeven? e. If the price becomes Rs 2150/-, should the option holder exercise? f. What is the net payoff of the holder and writer if price is either Rs | | | | | | | | | | |
| 10 | Q5 | 1 | A stock sells risk free rate cases: a. A as b. B as | s at Rs 100/ Price of interest is 6 an Optimistic Investoral arealistic investoral control of the state of | ce after one year %. Find out the estor expects the or sees equal proestor sees the | may rise by 25% Present value of probability of rishability at 50% | the option in fo | %. The (16) | 210 | | | |
| 10 | Q6 | a) b) | Write short | notes on any T\ es model of Opticity | 210 NO : | 210 | 210 | (16) | 210 | | | |
| 10 | | 210 | | 210 | 210 | 210 | 210 | 210 | 210 | | | |
| 10 | | 210 | | 210 | 210 | 210 | 210 | 210 | 210 | | | |
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