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**MBAS 553**

**IV Semester M.B.A. Degree Examination, September/October 2022  
(Regular and Repeater)  
BUSINESS ADMINISTRATION  
Behavioural Finance**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

Answer **any two** questions. **Each** question carries **10** marks. Answer to the question should **not** exceed **5** pages. **(2×10=20)**

1. What is the joint hypothesis problem ? Why is it important ? Explain in detail.
2. You are considering managing your own money rather than trusting in an investment advisor. Some argue that emotional intelligence while investing may be just as important as investment knowledge. Do you agree ? Discuss.
3. Discuss in detail, Self-Attribution bias, Confirmation bias, Hindsight bias, Naive realism, Distorted Self-Perception.

**SECTION – B**

Answer **any three** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed **6** pages. **(3×12=36)**

4. a) What do you understand by Expected Utility Theory ?  
b) Ravi has the following value function under prospect theory :

$$v(w) = w^{0.8} \quad \text{if } w \geq 0$$
$$= -2(-w)^{0.5} \quad \text{if } w < 0$$

Is Ravi loss averse ?

5. Differentiate the following :
  - a) Segregation and integration
  - b) Risk aversion and loss aversion.

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6. 'Arbitrage is limited because the wealth of arbitrageurs is limited'. Discuss this statement in the context of those who are managing their own money and those who are managing other people's money.
7. Put yourself in the place of an equity mutual fund manager. Think of all the stocks you might select for inclusion in the portfolio. How would emotions enhance your decision-making process ?
8. Describe the three types of professional financial analysts and discuss some firms that employ such analysts.

SECTION – C  
(Compulsory)

Answer to this question should **not** exceed 6 pages.

(1×14=14)

9. Case Study.

When eating out, Samyukta prefers noodles over a burger. Last night, she had a choice of noodles or pasta and cheese and decided on the noodles again. The night before, Samyukta had a choice of noodles, pizza, or a burger and this time she had pizza. Then, today, she chose pasta and cheese over a burger. Does her selection today indicate that Samyukta's choices are consistent with economic rationality ? Why or why not ? Justify your answer.