

**K.J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND
RESEARCH VIDYANAGAR, VIDYAVIHAR, MUMBAI -400 077**

PGDM FS Trimester - VI (2016-2018)

End Term Examination

Subject: Behavioural Finance	Specialization: Finance
Date of Exam: 9th April 2018	Marks: 50
Duration: 3 Hours	

Instructions

Q 1 is compulsory and would carry **20 marks**. In addition to Q 1, **there are Five Questions**. Each question would carry **10 marks**. Attempt any Three out of the remaining Five Questions.

Q.1) a) Define Bubble? Discuss some important examples of real world bubbles in the market? How bubble occurs in a market and burst?

b) Discuss the reasons why average investor earns low by investing in market.

Q, 2) Attempt Any 2

a) How do external factors affect the decision- making of an investor? Explain

b) “Fear and Greed are mirror images of each other” Explain

c) Distinguish between Cognitive errors and emotional Biases

Q.3) Attempt Any 2

a) What is emotion? What are emotional stages of an investor and how investor can overcome it?

b) What are seven indicators to measure fear and greed index?

c) Discuss how behavioural factors affect adviser-client interactions?

Q.4) Attempt Any 2

a) Explain Personality traits suggested by Bailard, Biehl and Kaiser’s Five- way (BB&K) Model

b) What are the key differences between traditional finance and behavioural finance?

c) Explain Endowment Effect

Q.5) Attempt Any 2

- a) Discuss the Strategies for Overcoming Behavior Biases
- b) Distinguish between Similarity Heuristics and Gamler's fallacy
- c) Explain Disposition Effect? How to overcome it?

Q.6) Attempt Any 2

- a) Discuss behavioral factors that affect analyst forecasts or recommendations.
- b) What is Mental Accounting, explain with and Example and How to overcome Mental Accounting?
- c) What is Disaster Myopia, explain with examples?
