

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM & ENERGY STUDIES
End Semester Examination – December, 2021

Program: MBA Core Finance
Subject/Course: Behavioral Finance
Course Code: FINC8034

Semester: III
Max. Marks: 100
Duration: 3 Hours

Section A

(Type the answers in test box)

- 1. Each question carries 2 marks.**
- 2. Instructions- Select the correct answers.**

S No	Question	CO
Q1	Technical analysis helps to test semi-strong form of market efficiency. A) True B) False	CO1
Q2	Which of the following is not a type of event study A) Intraday ES B) Long run ES C) Short-term ES D) Volatility ES	CO1
Q3	Behavioral finance explores the cognitive bias of market participants. A) True B) False	CO1
Q4	Behavioral finance agrees with market efficiency. A) False B) True	CO1
Q5	Investor sentiment is not influenced by A) News B) Tweets C) COVID 19 cases D) Oil prices.	CO1
Q6	It is easy to correct emotional biases compared to cognitive biases. A. True B. False	CO1

Q7	Which of the following is true for availability bias? A) It can be adapted B) It cannot be adapted C) It can moderated D) It cannot be moderated	CO1
Q8	Which of the following is true about certainty effect. A) It is not a violation of utility theory B) It does partially violates utility theory C) It violates prospect theory D) It violates utility theory	CO1
Q9	Risk seeking behavior is concave for losses. A) False B) True	CO1
Q10	The decision weights in prospect theory are subjective weights. A) True B) False	CO1
Section B		
1. Each question carries 5 marks. 2. Instructions: Write short answers.		
Q1	Explain the reasons for the emergence of behavioral finance.	CO2
Q2	Explain any two key statements from the Thaler's article on end of behavioral finance.	CO2
Q3	Write the formula required to compute abnormal return.	CO2
Q4	Explain the system 1 and system 2 as per Kahneman's work.	CO2
Section C		
1. Each question carries 10 marks. Attempt three questions. 2. Show all the steps in calculating the required values until four decimal places.		
Q1	Consider two hospitals: 25 babies are born each day in one hospital and 10 babies are born each day in other hospital. Experimenters recorded the number of days on which more than 55% of the babies born in each hospital were boys. Which hospital has more such days?	CO4
Q2	Individuals tend to buy insurance after occurrence of a natural disaster. Show the consequences of cognitive biases among individuals deviating them from rational decisions.	CO3
Q3	Anchoring and availability are among the critical cognitive biases among investors.	CO3
OR		
	Overconfidence among individuals affects rational thinking. Mention the tools to correct different forms of overconfidence among analysts or portfolio managers.	

Section D

1. Each question carries 15 marks.

Q1	Individuals are prone to herding bias and herding among analysts influence their performance, design a training program to reduce the negative consequences of herding behavior among analysts. OR Under-reaction and overreaction is often witnessed in financial markets. What role does market sentiment play in such under or overreaction in stock market.	CO4
Q2	The https://eventstudytools.com helps you test one form of market efficiency. Explain the process of conducting event study and key inputs required in the preparation of firm, market, and event window.	CO4