



QP CODE: 24802897



24802897

Reg No :

Name :

MBA DEGREE EXAMINATION, MAY 2024

Fourth Semester

Faculty of Management Science
Master of Business Administration

Elective - MB800406 - BEHAVIOURAL FINANCE

2019 Admission Onwards

7D05A6B3

Time: 3 Hours

Maximum Marks: 60

Part A

Answer any five questions. Each question carries 2 marks.

1. List the features of behaviorally biased man.
2. What is Loss aversion bias?
3. What is certainty overconfidence?
4. Explain illusion of validity.
5. Describe base rate neglect.
6. What is Self attribution bias?
7. Who are active investors?

(5×2 = 10 Marks)

Part B

Answer any five questions. Each question carries 6 marks.

8. Explain the features of prospect theory.
9. State the differences between behavioural finance micro and behavioural finance macro.
10. Describe the various behavioural biases.
11. Infer in detail about various emotional biases.
12. Research indicates that stock market forecasters are also overconfident. Do they learn from their mistakes? Discuss.





13. What is representativeness bias? What are the ways the investor got affected by the bias?
14. Discuss the role of cognitive psychology in understanding the behavior of financial markets.

(5×6 = 30 Marks)

Part C

*Answer any **two** questions. Each question carries **10** marks.*

Question number 17 is compulsory .

15. Explain about the various behavioural biases faced by investors with suitable examples.
16. Discuss how confirmation bias can be used in financial decisions.

Compulsory Question

17. What evidence is there that people do not diversify enough? Why is it that this occurs?
What is the simplest way to “buy” a high level of diversification in an equity portfolio?

(2×10 = 20 Marks)

