FIN630 - Investment Analysis and Portfolio Management Final term Subjective Paper-2 July-2013

1-- The correlation coefficient between the returns of the stock and the market is 0.008. The variance of stock's returns is 0.11 and variance of market returns is 0.0.08. Calculate the covariance of market and stock's returns. 3 Marks
2-- How mutual funds cash position (Liquidity) affect investors decision.3 Marks
3-- Ahmad allocated 70% of his funds to Bonds and 30% to shares. What do you thing is Ahmad a Risk Taker investor or Risk Averse Investor? 3 Marks
4-- a- Deposit Rs. 10,000 in an account which is paying 15% annual payments for 4 years.
b- Deposit Rs. 10,000 in an account which is paying 15% semi-annual payments for 4 years.
Calculate the future value for both given options. Which option you would select and why? 3 Marks
5--

Portfolio	Average rate of return	Standard Deviation.
R	18%	0.25
S	17%	0.23
T	12%	0.27

Figures were nearly same as above.
Return on treasury bill is 10 % . Calculate RVAR,,, and tell which portfolio is performing better and why? 5 Marks
6--- You Have to Lower the expected rate of return in order to adjust the Higher risk. Do you agree with the statement ? Justify you answer. 5 Marks
7--- Current rate of a security is Rs. 50. initial margin is Rs. 25 AND Maintenance cost Is Rs.15. YOU HAVE A FIVE FUTURE CONTRACT FILL THIS TABLE .5 Marks

	Future Price	Daily Gain/Loss $	Remaining Margin Balance $	Margin Call (Yes Or No)
0	50			
1	48			
2	43			
3	38			
4	47			

Print to PDF without this message by purchasing novaPDF (http://www.novapdf.com/)

www.vchowk.com

5 39

Print to PDF without this message by purchasing novaPDF (http://www.novapdf.com/)