

Solution IAT-2 – INVESTMENT MANAGEMENT

1. Market risk
2. Beta
3. 1% of index return causes an increase of 1.25 % of stock return
4. Healthy sign of investment
5. $(\text{Today's Index} - \text{Yesterday's Index}) / \text{Yesterday's Index} \times 100$
6. Beta = 1.07
7. Market value
8. $(C \times PVIFA_{r,n} + M \times PVIF_{r,n})$
9. Rs 905 sell the bond
10. CY : 12.63%
11. YTM
12. TYM = 13%
13. YTC = 12%

14. $E(r)$ for A = 12% for B is 13% , risk for A = 5% risk for B is 8% , cov AB = 30, Correlation coefficient is 0.99%, portfolio risk is 6% , Portfolio return is 12%