

Fachprüfung**Financial Management 07/2013**

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N° 1	N° 2	N° 3	N° 4	N° 5	N° 6	N° 7	Total	Note
5	5	5	5	5	5	10	max. 40	PS:

Name:

Studienkennzahl:

Matrikel:

Die Bearbeitung kann in deutsch oder in englisch erfolgen!

1) What is the economic difference between repurchasing shares and paying dividends?

2) Share A quotes at 15€, share B quotes at 12€ Under which conditions does a portfolio composed of two shares A and five shares B have a value of 90€? Explain why.

3) Explain why risk pricing based upon a credit rating system creates a winner's curse problem.

- 4) Trader A makes more precise estimations than trader B. Why can A's performance in the market be systematically worse than B's performance?

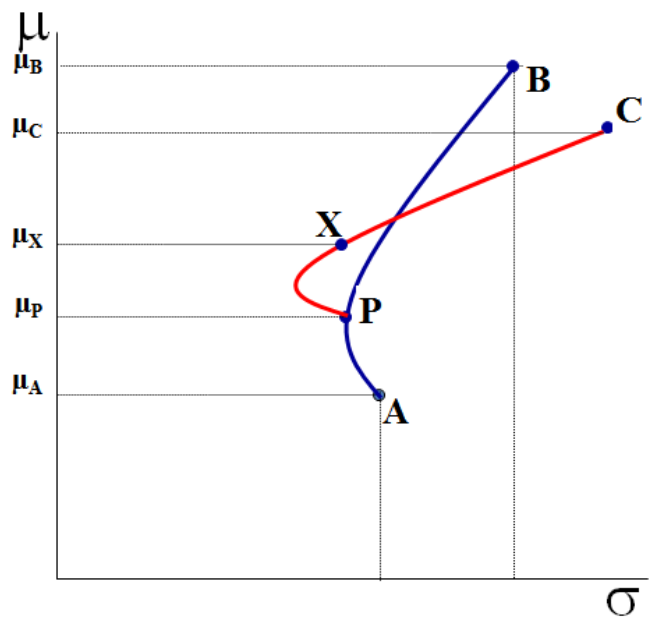
- 5) Portfolio X contains the stocks A, B, and C. Estimate the weightings:

Weight A: _____ %

Weight B: _____ %

Weight C: _____ %

100 %



6) What is the variance of a two-asset-portfolio (A,B), given x_A , $x_B=1-x_A$, σ_A , σ_B , ρ_{AB} ?

7) Multiple Choice.

Correct answers will bring 1 point; incorrect answers count -1 point. If a question is not answered, no points are assigned. Even with wrong answers, the total points for the multiple choice questions cannot be below 0. Comments will be ignored.

How to tick a box in the multiple choice section:

tick a box



untick a box



tick a box (again)



	true	false
CAPM holds. There are three stocks A, B, and C: $\mu_A=8\%$ $\mu_B=10\%$ $\mu_C=16\%$ $\beta_B=0,8$ $\sigma_A=10\%$ $\sigma_B=14\%$ $\sigma_C=20\%$ $\sigma_{\text{Market}}=15\%$ $\rho_{AB}=0,4$ $\rho_{AC}=0,2$ $\rho_{BC}=0,0$ $r_F=2\%$.		
The expected return of an equally weighted portfolio P with A, B, C, and r_F is $\mu_P=9\%$.	0	0
The equity premium is 8%.	0	0
$\beta_C = 1,4$.	0	0
An portfolio P, equally weighted of A and B, has a Beta of $\beta_P = 0,9$.	0	0
A portfolio P with 60% A and 40% C has a risk of $\sigma_P = 10\%$.	0	0
The systematic risk of B is 4,8%.	0	0
Investing half in the money market and half in the stock market results in an expected return of $\mu = 6\%$.	0	0
<hr/>		
In a strong-form efficient market even insiders do not perform systematically better than other traders.	0	0
There is no risk-premium for foreign-exchange-rate-risk.	0	0
A signal is any message that is true.	0	0

