Assignment 10

The data for submitting this assignment has passed. According to our records, you have not submitted this assignment.

1. What is the most important reason for an investor to purchase a bank deposit to a mutual fund? (1 point)
   - Zero risk and fixed return on money invested
   - Because the bank does not invest in the securities
   - The bank offers a guarantee
   - Substantial return on money invested

2. The net asset value per unit of the mutual fund of the securities with the following information is: (1 point)
   - Maturity: 3 years
     - Coupon rate: 6%
     - Face Value: $1,000
     - Current value: $950

3. The price per share of a mutual fund is Rs. 10.15, the fund’s net asset value is 5%, and the capital gain is 3%. The price per share is Rs. 10.15. (1 point)

4. Suppose that the market systematic risk is 1.5 and the mutual fund returns 6%. Why the risk-free return in the market is 4.5%. The Treynor’s index for the fund is: (1 point)
   - 0.5%
   - 0.09%
   - 1.09%
   - 1.09%

5. The strike price of a call option in Rs. 75, the risk-free rate is 5%, and the standard deviation of returns is 24%. If the risk-free return is 5%, the vertical and horizontal values are: (1 point)
   - Vertical: 1.77
   - Horizontal: 1.98

6. The present value of a put option in Rs. 100 with 3-month maturity and the market price of the underlying stock is Rs. 95.00 with a standard deviation of returns of 24%. The rate of return is: (2 points)
   - 7.09%
   - 0.08%
   - 9.89%

7. The market price of the underlying stock is Rs. 37.50 per share, up from Rs. 34.00 three months ago. The intrinsic value of a call for both the buyer and seller is: (1 point)
   - Call: 2.90
   - Put: 3.50

8. A company needs Rs. 20,000,000 in purchasing 400 shares of a mutual fund at Rs. 1000/share. After 6 months, the price increased to Rs. 1300 and the company now needs Rs. 23,000 in dividends and Rs. 25,000 in capital gains. The rate of return would be: (1 point)

9. The strike price is Rs. 55 and the market price is Rs. 50. The price of the option is Rs. 2.00 if the rate of return is: (1 point)
   - 5.09%
   - 0.09%
   - 5.98%

10. The intrinsic value of an option is the time value of an option in Rs. 8.80, and the cost of 200 shares is Rs. 1600 would be: (1 point)
    - Rs. 2.00
    - Rs. 3.30
    - Rs. 3.50

11. The strike price is Rs. 55 and the market price is Rs. 50. The price of the option is Rs. 2.00 if the rate of return is: (1 point)
    - 5.09%
    - 0.09%
    - 5.98%