**Financial Modeling**

**September 2023 Examination**

**1. Using Google Spreadsheet, create a dynamic model for computing beta for any NSE listed Stock. Use monthly historical data of 5 years for beta computation. Use the computed beta to apply CAPM Model and compute required/expected rate of return for an investor. 10 Year govt. bond yield should be used for risk free rate of return and Nifty50 index should be used as a proxy for market portfolio/market. Compare the computed beta with Yahoo Finance Beta. If yahoo finance beta is not available, compare with beta value available on moneycontrol.com. Explain why the two beta values differ.**

**Ans :**

**Introduction:**

Beta is a widely used measure in finance to assess the systematic risk related to a particular stock or funding. It shows the sensitivity of a stock's returns to modifications within the standard marketplace. By understanding a stock's beta, investors can gauge how much threat they're taking over compared to the whole market. In this assignment, we can expand a dynamic model using Google Spreadsheets to compute the beta for any inventory listed at the national inventory trade (NSE) based on monthly ancient facts over five years. We will then use the added beta to apply the Capital Asset Pricing Model (CAPM) and calculate an

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**2. Assuming a role of a risk-averse investor, identify 5 stocks from Nifty 50 and create a portfolio. Compute the portfolio return, portfolio risk, and portfolio beta. Assume equal weight for all asset weight allocations. Use Sharpe Ratio and Treynor’s ratio to optimize portfolio weight allocation for maximizing the Sharpe Ratio and Treynor’s Ratio. Compare the allocated asset weights with the weights of the minimum variance portfolio. Assume a 2% minimum allocation in any of the assets at all points of time for attaining diversification benefits. Present your understanding on reasons for change in weight allocations.**

**Ans :**

**Introduction:**

In investments, danger-averse investors prioritize capital renovation over maximizing returns. They are searching to decrease the volatility in their portfolio by diversifying through different assets. This approach balances danger and praise, focusing on solid and reliable investments. In this situation, we will expect the position of a threat-averse investor and construct a portfolio using five stocks from the Nifty 50 index, representing the performance of India's top 50 companies listed on the country-wide stock alternate (NSE).

**3.a. Create a dynamic loan amortization template with a maximum of 25 Years of Loan and EMI payment. The End user can choose Annual Interest Rate, Loan Term/Tenure, and Loan Amount. For uniformity in evaluations assume 10% Interest, 25 Years Loan, and 50, 00,000 Loan. The model must be dynamic.**

**Ans :**

To create a loan amortization template in Excel, you can comply with the steps:

1. Open Microsoft Excel and create a new workbook.

2. Set up the column headers for your loan amortization desk. For example, you can have columns for price variety, fee Date, starting stability, EMI, interest, primary, and ending

**3.b. Based on the template created in 3(a), Graphically present the Loan Repayment Schedule and Interest and Principal Component paid at the end of the tenure of the loan.**

**Ans :**

**Introduction:**

To graphically gift the loan repayment agenda, you can create a line chart using the fee number (x-axis) and the last balance (y-axis). This chart will show the reduced balance over time because the loan is repaid. You may customize the chart by adding axis labels, a name, and any additional formatting you opt for.