

Fachprüfung

Financial Management 12/2013

Prof. Dr. Klaus Schredelseker

Dezember 2013

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) There are three stocks A, B, and C: $\mu_A=8\%$ $\mu_B=9\%$ $\mu_C=12\%$
 $\sigma_A=8\%$ $\sigma_B=11\%$ $\sigma_C=14\%$ $\rho_{AB}=0,6$ $\rho_{AC}=0,4$ $\rho_{BC}=0,0$ $r_F=3,5\%$.
- a) Calculate the risk in a portfolio of ABC (weighted 1:2:1)
- b) You have 30.000€ Take a loan of 15.000€ and invest all in a portfolio of ABC (equally weighted). What is your expected return?
- c) You go with 5000€ long in A, with 10000€ long in B and with 5000€ short in C. What is the expected return of your portfolio?

2) Characterize the two-funds-theorem. To what extent does it hold if short-selling is not allowed?

3) Why does the capital market usually not reward a firm for diversifying its real-asset portfolio?

4) The Modigliani-Miller-conditions hold. A firm increases leverage by taking new debt. What are the consequences (a) on the return on equity, (b) on the value of the firm, and (c) on the risk premium required by the capital market?

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

6) What are the conditions for a message to be a “signal”?

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
If an insider buys stock using his inside information those who sell stocks are disadvantaged by the presence of the insider.	0	0
If investors switch to a passive trading strategy market efficiency may improve.	0	0
Stocks of small-capitalization firms regularly have higher returns (than stocks of large-cap firms).	0	0
The information conveyed in the market price can be of better quality than the average information of all traders in the market.	0	0
Even in a strong-form-efficient market there may be winners and losers.	0	0
The arbitrage-pricing theory (APT) requires unrestricted short-positions.	0	0
The CAPM requires unrestricted short-positions.	0	0
The characteristic line of a stock with $\beta < 0$ is negatively sloped.	0	0
If nobody knows that I have an information, this information can never be disadvantageous for me.	0	0
Value-additivity requires an efficient market.	0	0

