

Marking Scheme

Q1 – 6 × 5 *subpoints* = 30 marks

Where points were lost: No efficient frontier on Excel diagram: 3 points; Using population formulae instead of the sample formulae: 4 points.

Q2: Analysis of your stocks: 10 marks

Q3: Interpretation of the descriptive statistics: 5 marks

Q4: Investing in a portfolio: 10 marks

Q5: 3 inefficient+ 3 corresponding efficient – weights, st.dev., returns: 10 marks

Where points were lost: no weights: 3 marks; no efficient portfolios: 5 marks

Q6: Minimum variance portfolio – on the diagram: 10 points

Q7: Minimum variance portfolio analytically – you had to compare with the one from excel.

Q8: Some investment alternatives: 15 marks

Where points were lost: Risk preference? Note no investor is risk loving/seeking!: 5-7 marks; IC and on the efficient frontier: 2 marks.