Assignment Topic: Market Risk

1) Select a Market index (refer the index portfolio slide for illustration): Briefly discuss the selection of securities representing the index. Ensure that the selection of market index is not replicated by others in the class. (2 marks)
2) Collect market data of securities constituting your index to identify the minimum variance portfolio. (5 marks)
3) Construct the Markowitz Market Index with the data applying your indifference curve. (5 marks)
4) Compare and discuss the weights assigned for the theoretical portfolio that you have identified with the weights of the Index. (3 marks)

Required enclosers:

Provide the website address that helped you select the index and market price data of securities representing the index. The chronological source data must have available market prices.

Upload the data files (preferably csv file format).

Indicate the assumptions that you made to define the indifference curve.

Include snips of the code with an explanation of what it does in your final report.

Notes:

You may provide a plot of the efficient frontier and indifference curve in your report. This will give you an additional point of 5 (maximum) beyond the 15 set for the assignment and will be added to your end semester exam results. Maximum score from the evaluation (assignment plus exam) will be restricted to 50 marks.

Ensure to circulate a google sheet in class to select your unique index. Make sure the index you select gives you adequate data (market price) to estimate risk and return requisite for the assignment.