

Homework no. 1

This is the assignment of the first homework. You are supposed to read information related to four different portfolios and answer/discuss several questions/tasks. The deadline for the homework submission is: **November 11**. You can score **up to 5 points**. The homework is not a mandatory part of the course, yet it enables you to gain more points.

Name of portfolio	Information on portfolio
Portfolio A	Consists of safe bonds, mainly Treasury Bonds and bonds of well-known and stable companies. 25% of this portfolio is represented by savings account of well-known and a successful bank.
Portfolio B	Consists of commodities only – in this case you would invest in various companies (you choose it on your own), trading in <i>oil, gold and silver</i> (33.3% per each of the attributes). Investing in this portfolio, you physically obtain the commodities.
Portfolio C	Portfolio C is represented by one financial derivative contract only. This contract relates to a certain currency, particularly USD. The contract is following: in three months you buy (let's suppose that there is a seller agreeing on this contract) a chosen sum of USD for the price: 1€ per one USD. The set volume is up to you, might range from 1,000 € to the whole amount of money you have, which is 50,000 €.
Portfolio D	Shares accounts for 70% of this portfolio (20% out of these shares are preferred shares, the rest are ordinary shares. The rest of the portfolio consists of junk bonds (20%) and 10% accounts for various stakes in start-ups. In this case you are given a specific collection of securities, you are not allowed to change the particular attributes.

Tasks to deal with:

- a) If you were supposed to invest 50,000 € in a combination of these portfolios, how would you spread it?
- b) Explain why you would invest in portfolio/s you stated in a). Explain your decisions.
- c) Why are you **not** interested in the remaining ones (if there are any)? Explain your reasons.
- d) Which one do you consider the worst and why?
- e) Which information was missing (from your point of view) when dealing with the previous questions?

You can submit the worked homework via the Depository in the Information System, via an e-mail or print it out and bring it to the lesson.