

December	S&P CNX Nifty Index	CNX Bank Index	Gold		
2003	72	110	17	0.72	
2004	10	33	13	0.1	
2005	38	33	9	0.38	
2006	41	33	36	0.41	
2007	53	63	15	0.53	
2008	-51	-49	25	-0.51	
2009	74	78	12	0.74	
2010	18	29	26	0.18	
2011	-24	-31	28	-0.24	
2012	28	57	6	0.28	

Answer 1 & 2

	S&P CNX Nifty Index	CNX Bank Index	Gold
Average Annual Return	25.9	35.6	18.7
Variance	1585.655556	2244.266667	92.01111
Standard Deviation	39.82029075	47.37369171	9.592242
Correlation between S&P CNX Nifty and CNX Bank	0.948797719		
Correlation between S&P CNX Nifty and Gold	-0.377956975		
Correlation between CNX Bank and Gold	-0.486383209		

	Weights	Weights Squared
S&P CNX Nifty Index	0.6	0.36
CNX Bank Index	0.4	0.16

Portfolio Return	29.78
Portfolio Variance	1789.044
Portfolio Standard Deviation	42.2970921

S&P CNX Nifty Index	0.5	0.25
CNX Bank Index	0.3	0.09
Gold	0.2	0.04

Portfolio Return	27.37
Portfolio Variance	1083.635667
Portfolio Standard Deviation	32.91862188

Risk-Free Rate	8.11
----------------	------

Answer 3

	Portfolio 1	Portfolio 2
Sharpe Ratio	0.512328364	0.585079171