



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2025_2 EXAMINATIONS

COURSE CODE: BFN 721 **CREDIT UNIT:** 2
COURSE TITLE: INVESTMENT AND PORTFOLIO MANAGEMENT
TIME ALLOWED: 2 Hours
INSTRUCTIONS: 1. Attempt question Number one (1) and any other two (2).
2. Question number 1 is compulsory and carries 30 marks,
while the other questions carry 20 marks each
3. Present all your points in coherent and orderly manner

- 1 a) What is *Portfolio Evaluation*?
- b) List and briefly explain five Portfolio management activities.
- c) Prophet Hope has identified that his portfolio has the following returns with the associated probabilities and seeking for your help to analyze and give him advice in respect to his investment direction as presented
- | a. Project Returns | Probability |
|--------------------|-------------|
| i. 17% | 0.2 |
| ii. 18% | 0.3 |
| iii. 15% | 0.4 |
| iv. 21% | 0.1 |

You are required to calculate the expected return and the risk of the portfolio. **(30 Marks).**

2. From the table given below for a market return of 15%:

Security	Weight	Alpha	Beta	Residual variance
	(wi)	(α_i)	(β_i)	(Rv)
DAN	0.2	2.0	1.7	370
GTB	0.1	3.5	0.5	240
AGIP	0.4	1.5	0.7	410
FID	0.3	0.75	1.3	285

You are required to:

- a) Determine the Portfolio values
- b) Calculate Expected Market return and advice on the viability of the portfolio.
- c) Briefly State the function of the Central Bank of Nigeria **(20 Marks)**
3. Describe the Mandate and functions of NDIC in the Nigerian banking Sector of the economy. **(20 Marks)**
4. a) What is Money Market?
- b) What are the reasons for establishing the Nigerian Money Market?
- c) How Does Securities & Exchange Commission (SEC) protect the investing Public?

(20 Marks)