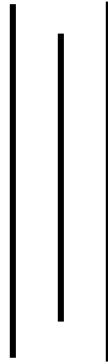


**SELECTION OF OPTIMAL PORTFOLIO IN NEPAL  
STOCK EXCHANGE (NEPSE)**

**By  
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**A Thesis Submitted to:  
Office of the Dean  
Faculty of Management  
Tribhuvan University**



*In partial fulfillment of the requirement for the Degree of  
Master of Business Studies (M.B.S)*

**Kathmandu, Nepal  
March, 2009**

## **RECOMMENDATION**

This is to certify that the Thesis

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**SELECTION OF OPTIMAL PORTFOLIO IN NEPAL  
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## **DECLARATION**

I hereby declare that the work reported in this thesis entitled “**SELECTION OF OPTIMAL PORTFOLIO IN NEPAL STOCK EXCHANGE (NEPSE)**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Study (M.B.S.) under the supervision of **Dr. Geeta Pradhan, Associate Professor** and **Manoj Bhattarai, Teaching Assistance** of Shanker Dev Campus.

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This research tries to provide a valid decision regarding the investment of portfolio by individual investors in NEPSE. Portfolio management is really an ever challenging specially in present context of Nepal. Risk minimization in investment is tough job. The research study has taken place on this matter under partial fulfillment of the requirements of MBS degree, T.U. with a theme objectivity of selecting optimal portfolio in NEPSE.

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Researcher

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## **ABBREVIATIONS**

AD	Anno Domini
AIC	Alliance Insurance Company Limited
AMEX	American Stock exchange
B.S	Before Christ
BOD	Board of Director
BOK	Bank of Kathmandu
BSE	Bombay Stock Exchange
C.D.	Cash Dividend
CAPM	Capital Asset Pricing Model
CIT	Citizen Investment Trust Limited
CML	Capital Market Line
CO.	Company
Cov.	Covariance
CP	Closing Price
CV	Coefficient of Variation
EBL	Everest Bank Limited
EIC	Everest Insurance Company Limited
ERR	Expected Rate of Return
etc.	Etcetera
FDI	Foreign Direct Investment
Fig.	Figure
FNCCI	Federation of Nepal Chamber of Commerce and Industry

FNCSI	Federation of Nepal Cottage and Small Industry
FY/F/Y	Fiscal Year
GDP	Gross Domestic Production
Govt.	Government
HBL	Indifference Curve
HMG/N	His Majesty Government / Nepal
HPR	Holding Period Rate of Return
i.e.	That is
KFL	Kathmandu Finance Limited
LC	Letter of Credit
Ltd.	Limited
MBS	Master of Business Studies
MPS	Market Price per Share
MPT	Modern Portfolio Theory
MRP	Market Risk Premium
NABIL	Nabil Bank Limited
NATS	NEPSE Automated Trading System
NCM	Nepal Share Market Limited
NEPSE	Nepal Stock Exchange
NFC	National Finance Company Limited
NIDC	NIDC Capital Markets Limited
no.	Number
NRB	Nepal Rastra Bank

NUBL	Nirdhan Utthan Bank Limited
NYSE	New York Stock Exchange
Oct.	October
OP	Opening Price
OTC	Over the Counter
PIC	Premier Insurance Company Limited
Rs.	Rupees
S.D.	Stock Dividend
SBI	Nepal SBI Bank Limited
SD	Standard Deviation
SEBON	Security Exchange Board Nepal
SEC	Security Exchange Centre
SIC	Sagarmatha Insurance Company Limited
SIM	Single Index Model
SML	Security Market Line
TD	Total Dividend
TU	Tribhuvan University
U	Utility
UIC	United Insurance Company Limited
UNL	Nepal Unilever Limited
USR	Unsystematic Risk
Var.	Variance
WAN	Wide Area Network