RISK AND RETURN ANALYSIS FOR OPTIMAL PORTFOLIO CREATION OF COMMON STOCK INVESTMENT

(With References to BOK, EBL, NABIL, NIC, SBI and SCBL)

A Thesis

Submitted by:

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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 (MBS)

Kathmandu, Nepal

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RECOMMENDATION

This is to certify that the thesis

Submitted by:
Pushpa Raj Pradhananga

Entitled:

RISK & RETURN ANALYSIS FOR OPTIMAL PORTFOLIO CREATION OF COMMON STOCK INVESTMENT (With References to BOK, EBL, NABIL, NIC, SBI and SCBL)

has been prepared as approved by this department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.

....	**..**
Prof. Dr. Sushil Bhakta Mathema	**Jyoti Pandey**
(Head, Research Department)	(Campus Chief)

....
Resham Raj Pathak
(Thesis Supervisor)

Date: ………………………..

VIVA -VOCE SHEET

We have conducted the viva-voce examination of the thesis

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and found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for **Master Degree of Business Studies (M.B.S.).**

Viva-Voce Committee

Head, Research Department ………………………………………

Member (Thesis Supervisor) ………………………………………

Member (External Expert) ………………………………………

Date: ………..…………

DECLARATION

I hereby declare that the work reported in this thesis entitled **"Risk and Return Analysis for Optimal Portfolio Creation of Common Stock Investment (With References to BOK, EBL, NABIL, NIC, SBI and SCBL)"** submitted to the office of the Dean, Faculty of Management, Tribhuwan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Masters of Business Studies under the supervision of **Mr. Resham Raj Pathak** Lecturer of Nepal Commerce Campus, T.U. Minbhawan, Kathmandu,

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This report on *“Risk and Return Analysis for Optimal Portfolio Creation of Common Stock Investment (With References to BOK, EBL, NABIL, NIC, SBI and SCBL)”* has been prepared as per the course of Master of Business Studies, second year. This report has attempted to explore the risks and returns of some of the major commercial banks and try to compare them with the risk and return of the commercial banking sector and also with that of the Industry risk and return before reaching into some deciding conclusions.

In this effort of preparing the report, I am especially grateful to my teachers Prof. Dr. Sushil Bhakta Mathema and Resham Raj Pathak sir, who has given me fruitful suggestions and guidance to frame out this report. I am also thankful to the officers and staffs of NEPSE together with staffs of various commercial banks for making me available different resource materials and data. Similarly, I also want to remember the help that I have received from the library staffs of various campuses, especially staffs of Nepal Commerce Campus and Central Libraries, T.U.

To accomplish this study, I have done the optimum effort from my level to offer precious information in the related topics and hope it will act as reliable reference to upcoming students, respective institutions as well as seekers of related studies.

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ABBREVIATIONS

%	:	Percent
&	:	And
ABBS	:	Any Branch Banking Service
AGM	:	Annual General Meeting
BI	:	Banking Index
BOK	:	Bank of Kathmandu Limited
CAPM	:	Capital Assets Pricing Model
CB	:	Commercial Bank
Co.	:	Company
CS	:	Common Stock
CV	:	Coefficient of Variance
DPS	:	Dividend per Share
EBL	:	Everest Bank Limited
EPS	:	Earning Per Share
F/Y	:	Fiscal Year
HPR	:	Holding Period Return
Jr.	:	Junior
Ltd.	:	Limited
MBS	:	Master of Business Studies
MPS	:	Market Price per Share
Mr.	:	Mister
NABIL	:	Nepal Arab Bank Limited
NEPSE	:	Nepal Stock Exchange.
NFR	:	Nominal-risk Free Rate
NI	:	Nepse Index
NIC	:	Nepal Industrial and Commerce Bank Limited.
NRB	:	Nepal Rastra Bank
OI	:	Others Sector Index

P/E Ratio	:	Price Earning Ratio
Pvt.	:	Private
R	:	Expected Return
Rf	:	Real-risk Free rate
r_{ij}	:	Correlation of Coefficient
RRR	:	Realized Rate of Return
Rs.	:	Rupees
SBI	:	Nepal SBI Bank limited
SCBL	:	Standard Chartered Bank Limited
SD	:	Standard Deviation
SEBON	:	Security Exchange Board of Nepal
SML	:	Security Market Line
TU	:	Tribhuvan University

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