MTH001

NVA EDUCATION

Question 1: Keeping in view the business cycle, describe which industries are least sensitive to changes in the economy. Give two examples.

Question 2: Many analysts refer convexity as more precise version of duration. Do you agree with this statement?

Answer:
Yes I agree because Bond convexity is a bit of a perplexing topic for many. Some refer to convexity as the degree of curvature that exists in the price to yield relationship while others refer to convexity as the second derivative, or a more precise version of duration, which would be added to duration to get that much more precise.

Question 3: Outline the rationale for sector rotation?

Answer:
This strategy is involving the shifting sector weights in the portfolio for taking advantage of those sectors That are expected to do relatively better and avoid or deemphasize those sectors. That are expected to do relatively worse. Investors employing this strategy are betting that particular sectors will repeat their price performance relative to the current phase of the business and credit cycle.

Question 4: Related to industry analysis

Question 5: Short interest ratio.