Unit 8 - Financial Decision and Risk Management

Assignment 7

The due date for submitting this assignment is 11:59 PM on the due date specified in your course schedule. This assignment is worth 40 points.

1. a) The risk premium for a stock is 10.00%. The risk premium is the difference between the expected return and the risk-free rate. The risk-free rate is 7.00%.

b) The standard deviation of returns on a stock is 30.00%. The standard deviation is a measure of the variability of returns.

c) The beta of a stock is 1.50. The beta is a measure of the stock's volatility relative to the market.

2. a) The expected return on a stock is 12.00%. The expected return is the average return we expect from an investment.

b) The standard deviation of returns on a stock is 20.00%. The standard deviation is a measure of the variability of returns.

3. a) The risk premium for a stock is 8.00%. The risk premium is the difference between the expected return and the risk-free rate. The risk-free rate is 5.00%.

b) The standard deviation of returns on a stock is 15.00%. The standard deviation is a measure of the variability of returns.

4. a) The expected return on a stock is 10.00%. The expected return is the average return we expect from an investment.

b) The standard deviation of returns on a stock is 12.00%. The standard deviation is a measure of the variability of returns.

5. a) The risk premium for a stock is 10.00%. The risk premium is the difference between the expected return and the risk-free rate. The risk-free rate is 8.00%.

b) The standard deviation of returns on a stock is 20.00%. The standard deviation is a measure of the variability of returns.

6. a) The expected return on a stock is 12.00%. The expected return is the average return we expect from an investment.

b) The standard deviation of returns on a stock is 15.00%. The standard deviation is a measure of the variability of returns.

7. a) The risk premium for a stock is 8.00%. The risk premium is the difference between the expected return and the risk-free rate. The risk-free rate is 5.00%.

b) The standard deviation of returns on a stock is 12.00%. The standard deviation is a measure of the variability of returns.

8. a) The expected return on a stock is 10.00%. The expected return is the average return we expect from an investment.

b) The standard deviation of returns on a stock is 12.00%. The standard deviation is a measure of the variability of returns.

9. a) The risk premium for a stock is 10.00%. The risk premium is the difference between the expected return and the risk-free rate. The risk-free rate is 8.00%.

b) The standard deviation of returns on a stock is 15.00%. The standard deviation is a measure of the variability of returns.

10. a) The expected return on a stock is 12.00%. The expected return is the average return we expect from an investment.

b) The standard deviation of returns on a stock is 15.00%. The standard deviation is a measure of the variability of returns.