**2. Types of Assets**

**1. Question**

Types of financial assets: A financial asset is a claim on a (potential) future cash flow.

Stocks (income through dividends and growth through higher dividends). Unlike coupons, the issuing company can decide if and how much dividends it pays.

Bonds (income through coupons and repayment of principal). Important, the issuer is required to pay the coupon which is why bods are also called *fixed income* instruments.

Derivatives (e.g., option)

Currencies

Cash

Commodities are not necessarily financial assets

**3. Downloading some Data**

**2. Question**

Note: There was a problem with installing the package “pillar”. Solution was to install it using (See: <https://github.com/r-lib/pillar/issues/193> )

Note that the adjusted price is used which adjusts for dividend payments.

**6. Question**

The volatility is not constant.

**QQ Plot**

The qqnorm plot for monthly yields is much closer to a normal than the qqnorm for daily yields. The reason is the *central limit theorem*.

The kernel plot shows negative skewness.