

Financial Markets

Exercise Set 7

1. Exercises 1 and 6 from Chapter 16 in SDAFE.
2. Exercise 10.4 (a) to (c) in MFE for

$$m_1 = 2, m_2 = 3;$$

$$\sigma_{11} = 4, \sigma_{12} = 2, \sigma_{22} = 6.$$

3. Plot the efficient frontier and asymptote in the σ - μ plane