1)

$\frac{5.00}{0.1} = 50$

So investors will pay $50 for this stock.

2)

$D_0 = 1.50$

$D_1 = 1.50(1 + 0.06) = 1.59$

$P_0 = \frac{D_0}{0.11 - 0.06} = 31.8$

So investors will pay $31.8 for this stock.

3)

In four years, the next dividend will be $8 so $P_4 = \frac{8}{0.15 - 0.05} = 80$.

$P_0 = \frac{P_4}{(1+0.15)^4} = 45.74$

So investors will pay $45.74 for this stock.

4)

1 AUD = 1.40 USD

The forward exchange: $\frac{1.4(1+0.04)}{1(1+0.05)} = 1.387$

So the forward exchange in one year is: AUD/$=1.387.

5)

Assume that the par value is $1000.

$0.9708 \times 1000 = 970.8$

So the dollar value of this bond is $970.8.

6)

NAV = (total asset - total liabilities) / shares

$\frac{11-1}{1} = 10$

So the NAV of it is $10/share.

7)

1 USD = 0.96249 CHF

$\frac{50000}{0.96249} = 51948.59$

So this order will cost $51948.59.

8)

1. The nominal yield is 9%.
2. Current Yield = Annual Interest Payment / Current Market Price

   $0.09 * 100/105 = 0.0857$

   So the current yield is %8.57.
3. This is a premium bond.

   So the maturity yield is less than the current yield.

9)

1. Professional Management

   Diversification

   Economies of Scale

   Liquidity

2. Jeff wants to keep his money liquid, so he can choose open-end funds.

   Jeff wants to use his money for paying the company's initial expenses, so he can choose growth funds.

10)

1. Balance of Payments and Foreign Exchange Reserves

   Interest rate

   Inflation

   The political situation

   A country's economic growth rate

   Market perspective

   People's psychological expectations

   Technical analysis

2. The exchange rate from USD to CNY has a trend to increase.

So building manufacturing factory can produce more value and the suggestion is to build the manufacturing factory now.

The business factors that should be taken into consideration are:

the exchange rate,

the local policy,

the market situation,

the trend of prices

11)

1. 债券的特性:

   safety

   Has maturity date

   Liquidity

   Has par value

   Autonomy

   Has coupon rate

   股票的特性:

   Has dividends

   Non-repayable

   Participatory

   Profitability

   Liquidity

   Price volatility and risk

2. Difference issuers. The issuer of bonds can be a state, a local public organization or an enterprise, while stocks can only be issued by joint-stock enterprises.

   Bonds have maturity date, but stocks don’t.

   Stocks have more risk than bonds.

   The profits of bonds are more stable than stocks.