

Both stocks exhibit aggressive behavior, with betas greater than 1, indicating sensitivity to market changes. Disney's CAPM beta is 1.1368, suggesting it is 13.68% more volatile than the market, while GE's beta of 1.1506 indicates even greater market sensitivity. The Fama-French model shows similar results, with Disney's beta increasing to 1.1702 and GE's beta rising to 1.2322. This confirms that both are aggressive, but the latter exhibits slightly higher risk and potential reward. Disney's alpha of 0.6454 is significant, reflecting consistent excess returns over the market, making it an attractive choice for long-term investors seeking reliable performance. In contrast, GE's alpha of 0.0594 is insignificant, suggesting it does not consistently outperform the market and behaves more like a market-tracking stock. The R-squared values from both models further reinforce these conclusions. For Disney, CAPM explains 44.5% of the variation in excess returns; meanwhile, the Fama-French model improves this slightly to 45.2%, indicating the market is the main driver of returns, with minor contributions from SMB and HML factors. GE's CAPM R-squared is 43.2%, increasing significantly to 46.6% under Fama-French, suggesting size and value factors play a more critical role in explaining GE's performance. Specifically, GE's significant and negative SMB coefficient (-0.2497) indicates a large-cap stock profile, while its considerable and positive HML coefficient (0.3781) highlights a strong benefit from value stocks. But, Disney, shows weaker dependence on these factors, with an insignificant SMB coefficient at -0.0790 and a marginally significant HML coefficient at 0.1886, meaning its moderate reliance on value-driven performance. GE's heightened sensitivity to market volatility and significant dependence on size and value factors make it suitable for risk-tolerant investors aiming for higher growth but willing to accept increased risk. In summary, Disney is a safer investment for consistent performance, while the other provides an opportunity for higher returns at a greater risk. A diversified strategy, including both stocks, can offer stability through the former and growth potential through the latter, balancing risk and reward for investors with varying risk appetites.