

Note: Unless otherwise mentioned, \$ symbol implies US Dollars.

Use the following information for questions 1-3.

For questions (1) to (3) please use the below data for Herbalife. The company did not pay any dividends in 2018.

Date	COMNAM	Stock Split	Price
1/31/2018	HERBALIFE NUTRITION LTD		\$ 82.99
2/28/2018	HERBALIFE NUTRITION LTD		\$ 92.10
3/29/2018	HERBALIFE NUTRITION LTD		\$ 97.47
4/30/2018	HERBALIFE NUTRITION LTD		\$ 105.73
5/31/2018	HERBALIFE NUTRITION LTD	2 for 1	\$ 50.77
6/20/2018	HERBALIFE NUTRITION LTD		\$ 53.72
7/31/2018	HERBALIFE NUTRITION LTD		\$ 51.63
8/31/2018	HERBALIFE NUTRITION LTD		\$ 56.59
9/28/2018	HERBALIFE NUTRITION LTD		\$ 54.55
10/31/2018	HERBALIFE NUTRITION LTD		\$ 53.26
11/30/2018	HERBALIFE NUTRITION LTD		\$ 57.25
12/31/2018	HERBALIFE NUTRITION LTD		\$ 58.95

Question 1

1 pts

1. What is the return for the month of February?

☐ a. 22.54%

☐ b. 10.98%

☐ c. -9.89%

☐ d. 9.89%

Question 2

1 pts

2. What is the return for the month of May?

☐ a. -3.96%

☐ b. 5.81%

☐ c. -51.98%

☐ d. 4.50%

Question 3

1 pts

3. What is the compound return for Herbalife from February to December 2018? [Note: This question involves multiple calculations. Please make use of a calculator or Excel to compute the return quickly]

☐ a. 59.89%

☐ b. 37.34%

☐ c. 42.07%

☐ d. 25.32%

Question 4

1 pts

4. Which of the following doesn't change as a result of a stock split?

- ☐ a. Stock price
- ☐ b. Number of stocks in market
- ☒ c. Market value of the firm
- ☐ d. None of the above

Use the following instructions for questions 5-7.

A company XYZ with 3000 stocks in markets is trading at \$15 per share today. The company goes through a 5 for 3 stock split today and has not paid any dividends recently

Question 5

1 pts

5. What would be the adjusted stock price of XYZ after the stock split?

- ☐ a. \$15

☐ b. \$25

☒ c. \$9

☐ d. \$12

Question 6

1 pts

6. What would be the number of stocks of XYZ available in the market after the stock split?

☐ a. 3000

☐ b. 1800

☐ c. 15000

☒ d. 5000

Question 7

1 pts

7. What would be the market value of all stocks of XYZ after the stock split?

☐ a. \$3000

☒ b. \$45000

☐ c. \$27000

☐ d. \$75000

Use the following instructions for question 8-10.

Given the beta of Herbalife is 1.58, Apple is 1.32, Costco is 0.87 and Walmart is 0.62.

Note: Beta represents the market risk of the stock.

Question 8

1 pts

8. Which of the following statements is true for Apple stock?

- ☐ a. When the market goes down by 1.32%, on average, Apple stock goes down by 1%
- ☐ b. When the market goes up by 1.32%, on average, Apple stock goes up by 1%
- ☐ c. When the market goes down by 1%, on average, Apple stock goes down by 1.32%
- ☐ d. Both a and b

Question 9

1 pts

9. Based on the beta values, which of the following stocks has the greatest return potential but also poses the greatest market risk?

- ☐ a. Herbalife
- ☐ b. Apple
- ☐ c. Herbalife and Apple have equal return potential
- ☐ d. Walmart

Question 10

1 pts

10. Based on the beta values, which of the following stocks is the least risky to invest in?

- ☐ a. Herbalife
- ☐ b. Apple
- ☐ c. Costco
- ☐ d. Walmart