

1. Which of the following groups best illustrates a population?
  - A. The 500 companies in the S&P 500 Index.
  - B. The NYSE- listed stocks in the Dow Jones Industrial Average.
  - C. The Lehman Aggregate Bond Index as a representation of the US bond.
  
2. Frequency distributions summarize data in:
  - A. a tabular display.
  - B. overlapping intervals.
  - C. a relatively large number of intervals.
  
3. For a distribution of 2,000 observations with finite variance, sample mean of 10.0%, and standard deviation of 4.0%, what is the minimum number of observations that will lie within 8.0% around the mean according to Chebyshev's Inequality?
  - A. 720
  - B. 1,500
  - C. 1,680
  
4. An analyst produces the following joint probability function for a foreign index (FI) and a domestic index (DI).

	$R_{DI} = 30\%$	$R_{DI} = 25\%$	$R_{DI} = 15\%$
$R_{FI} = 25\%$	0.25		
$R_{FI} = 15\%$		0.50	
$R_{FI} = 10\%$			0.25

The covariance of returns on the foreign index and the returns on the domestic index is closest to:

- A. 26.39.
- B. 26.56.

C. 28.12.

5. You are an investor in DriveMed stock. To review the givens, your prior probabilities are  $P(\text{EPS exceeded consensus}) = 0.45$ ,  $P(\text{EPS met consensus}) = 0.30$ , and  $P(\text{EPS fell short of consensus}) = 0.25$ . You also have the following conditional probabilities:

- $P(\text{DriveMed expands} \mid \text{EPS exceeded consensus}) = 0.75$
- $P(\text{DriveMed expands} \mid \text{EPS met consensus}) = 0.20$
- $P(\text{DriveMed expands} \mid \text{EPS fell short of consensus}) = 0.05$

Recall that you updated your probability that last quarter's EPS exceeded the consensus estimate from 45 percent to 82.3 percent after DriveMed announced it would expand.

What is the probability of EPS met consensus given that DriveMed expands?

- A. 0.488
- B. 0.300
- C. 0.146