

2008 Level 1 Sample Exam Volume 4

SS1-Ethics and Professional Standards

Question 5

Marcus Takeda, CFA, is an analyst at a small investment advisory firm. His firm routinely purchases third-party research that Takeda has found to be sound and reliable. Takeda drafts a research report recommending the purchase of Crozet Corporation common stock to clients for whom the investment is suitable. The report contains financial projections from third-party research providers referenced by Takeda. Takeda writes, "This recommendation is based on expectations for continued strong demand for Crozet's products." Finally, Takeda notes at the end of the report that he owns Crozet Corporation convertible bonds. According to the *Standards of Practice Handbook*, has Takeda violated the CFA Institute Standard of Professional Conduct relating to:

	<u>Reasonable basis?</u>	<u>Independence and objectivity?</u>
A	No	No
B	No	Yes
C	Yes	No
D	Yes	Yes

Question 6

David Gunard, CFA, is an equity analyst at Curry Securities. He receives an assignment to analyze Enterloch Corporation, a stock owned by several of Curry's clients. Gunard completes a thorough, fundamental analysis of Enterloch. Given his analysis and the sharp rise in the company's stock price during the past year, Gunard concludes that the shares are substantially overvalued. After the report is approved by Gunard's supervisor, but prior to the release of the report, Gunard calls his father to suggest that he sell his Enterloch shares immediately. Gunard's father informs him that he has already disposed of his holdings in Enterloch. According to the *Standards of Practice Handbook*, has Gunard violated the CFA Institute Standards of Professional Conduct relating to:

	<u>duties to clients?</u>	<u>reasonable basis?</u>
A	No	No
B	No	Yes
C	Yes	No
D	Yes	Yes

Question 7

According to the *Standards of Practice Handbook*, may a member who inadvertently learns about an unannounced tender offer:

	<u>trade on the information?</u>	<u>cause others to trade on the information?</u>
A	No	No

- | | | |
|---|-----|-----|
| B | No | Yes |
| C | Yes | No |
| D | Yes | Yes |

Question 8

According to the *Standards of Practice Handbook*, do candidates violate the CFA Institute Standards of Professional Conduct by cheating on:

- | | <u>The CFA examination?</u> | <u>any other examination?</u> |
|---|-----------------------------|-------------------------------|
| A | No | No |
| B | No | Yes |
| C | Yes | No |
| D | Yes | Yes |

Question 9

According to the *Standards of Practice Handbook*, a member who copies employer records in violation of the employer's policies may violate CFA Institute Standards unless the member's clear intent is to protect:

- A. Clients.
- B. Colleagues.
- C. His reputation.
- D. The employer's reputation.

Question 11

Meryl Mamet, CFA, manages an emerging markets fund which has generated annual returns of 30% for the past three years. Mamet distributes a marketing brochure which includes the following statement "My investment expertise has generated annual returns of 30% for the past three years and you can expect a similar rate of growth over the next two years." Does Mamet violate any CFA Institute Standards?

- A. No.
- B. Yes, because the performance should be stated net of fees.
- C. Yes, because the returns must include terminated accounts.
- D. Yes, because the presentation makes assurances regarding investment performance.

SS2/3-Quantitative Methods**Question 21**

An analyst gathered the following information about a capital investment's cash flows:

Time	Cash Flow
0	(\$500,000)

1	\$100,000
2	\$200,000
3	\$100,000
4	\$300,000

If the risk-free interest rate is 6%, expected inflation is 3%, and the opportunity cost of capital is 12%, the investment's net present value (NPV) is closest to:

- A. (\$24,537)
- B. \$10,558
- C. \$49,825
- D. \$93,929

Question 23

A 270-day U.S. Treasury bill with a face value of \$100,000 sells for \$96,500 when issued. Assuming an investor holds the bill to maturity, the investor's money market yield and effective annual yield, respectively, are closest to:

	<u>Money market yield</u>	<u>Effective annual yield</u>
A	4.667%	4.903%
B	4.667%	4.934%
C	4.836%	4.903%
D	4.836%	4.934%

Question 24

An analyst gathered the following information about the price-earnings (P/E) ratios for the common stocks held in a foundation's portfolio:

Interval	P/E range	Frequency
I	8.00-16.00	24
II	16.00-24.00	48
III	24.00-30.00	22
IV	30.00-38.00	16

The relative frequency and the cumulative relative frequency, respectively, for Interval III are closest to:

	<u>Relative frequency</u>	<u>Cumulative relative frequency</u>
A	20%	36%
B	20%	85%
C	22%	36%
D	22%	85%

Question 25

An analyst gathered the following annual return information about a portfolio since its inception on 1 January 2003:

<u>Year</u>	<u>Portfolio return</u>
<u>2003</u>	<u>8.6%</u>
<u>2004</u>	<u>11.2%</u>
<u>2005</u>	<u>12.9%</u>
<u>2006</u>	<u>15.1%</u>
<u>2007</u>	<u>-9.4%</u>

The portfolio's mean absolute deviation and variance of annual returns, respectively, for the five-year period are closest to:

	<u>Mean absolute deviation</u>	<u>Variance</u>
A	6.83%	77.5
B	6.83%	96.8
C	7.68%	77.5
D	7.68%	96.8

Question 26

An analyst gathered the following information about a common stock portfolio:

Arithmetic mean return	14.3%
Geometric mean return	12.7%
Variance of return	380
Portfolio beta	1.35

If the risk-free rate of return is 4.25%, then the coefficient of variation and the Sharpe ratio, respectively, for the portfolio are closest to:

	<u>Coefficient of variation</u>	<u>Sharpe ratio</u>
A	1.36	0.52
B	1.36	7.44
C	1.53	0.52
D	1.53	7.44

Question 30

An analyst determined that the sample mean and variance for a normal distribution are 42 and 9, respectively. The 99% confidence interval for this random variable is closest to:

- A. 15.0 to 69.0
- B. 18.8 to 65.2
- C. 34.3 to 49.7
- D. 39.0 to 45.0

SS4/5/6-Economics**Question 33**

The nature of competitive environment to which the game of Prisoners' Dilemma applies and the solution offered by Nash equilibrium, respectively, are:

	<u>Nature of competitive environment</u>	<u>Solution from Nash equilibrium</u>
A	Oligopoly	both prisoners deny
B	Oligopoly	both prisoners confess
C	monopolistic competition	both prisoners deny
D	monopolistic competition	both prisoners confess

Question 34

The tax division between buyers and sellers with respect to products with perfectly elastic and perfectly inelastic demand, respectively, are:

	<u>Perfectly elastic demand</u>	<u>Perfectly inelastic demand</u>
A	buyers pay the entire tax	buyers pay the entire tax
B	buyers pay the entire tax	Sellers pay the entire tax
C	sellers pay the entire tax	buyers pay the entire tax
D	sellers pay the entire tax	sellers pay the entire tax

Question 35

Venkat Reddy is very fond of mango fruits. If mangoes cost 10 rupees each, Reddy spends his budget on fruits that he values more highly than mangoes. However, at 4 rupees each Reddy buys 20 mangoes for devouring over a one-week period. The total consumer surplus in rupees for Venkat would be closest to:

- A. 13
- B. 26
- C. 60
- D. 120

Question 36

The Laffer curve depicts a relationship between which of the following sets of two economic variables and its proponents belong to which group of economists?

	<u>Two economic variable</u>	<u>Proponents belong to</u>
A	Tax rate and tax revenues	Monetarists
B	Tax rate and tax revenues	Supply-siders
C	Inflation and unemployment	Monetarists
D	Inflation and unemployment	Supply-siders

Question 37

Choice Malts Breweries has compiled the following information in order to determine its economic profit for the year:

Total revenue	\$300,000
Value of buildings and machinery	
-At the beginning of the year	\$300,000
-At the end of the year	\$280,000
Cost of raw materials	\$100,000
Wages paid during the year	\$50,000
Normal profit for the year	\$40,000

What is the economic profit of Choice Malts Breweries closest to?

- A. \$90,000
- B. \$110,000
- C. \$130,000
- D. \$150,000

Question 38

Which of the following provides the best description of the effect of subsidies on the prices of goods and the relationship between marginal cost and marginal benefit?

	<u>Effect on prices</u>	<u>Relationship between marginal cost and marginal benefit</u>
A	Price falls	Marginal benefit exceeds marginal cost
B	Price falls	Marginal cost exceeds marginal benefit
C	Price increases	Marginal benefit exceeds marginal cost
D	Price increases	Marginal cost exceeds marginal benefit

Question 39

The Okun gap and the inflationary gap, respectively, occur under which of the following economic conditions?

	<u>Okun gap</u>	<u>Inflationary gap</u>
A	Below full-employment equilibrium	Below full-employment equilibrium
B	Below full-employment equilibrium	Above full-employment equilibrium
C	Above full-employment equilibrium	Below full-employment equilibrium
D	Above full-employment equilibrium	Above full-employment equilibrium

Question 40

In response to the influx of tourists, the demand for guest rooms in Sun-n-Surf, a resort hotel on a south pacific island, went up from 100 to 150 rooms. As a result, Sun-n-Surf management has decided to increase the tariff from \$150 to \$200 a night per room. The elasticity of supply of rooms in

Sun-n-Surf closest to:

- A. 0.67
- B. 0.72
- C. 1.40
- D. 1.50

Question 41

The type of government budget that leads to crowding-out, and its impact on private saving, respectively, are:

	<u>Budget type</u>	<u>Impact on private saving</u>
A	deficit budget	increase
B	deficit budget	decrease
C	surplus budget	increase
D	surplus budget	decrease

Question 42

The type of natural resource market to which the Hotelling principle applies, and the relationship expressed in it, respectively, are:

	<u>Type of natural resource market</u>	<u>Relationship expressed in the Hotelling principle</u>
A	renewable	the price of the resource rises at a rate equal to the interest rate
B	renewable	the price of the resource rises at a rate equal to the inflation rate
C	non-renewable	the price of the resource rises at a rate equal to the interest rate
D	non-renewable	the price of the resource rises at a rate equal to the inflation rate

Question 43

The most accurate description of the effect of a price decrease on total revenue for goods that have an elastic and inelastic demand, respectively, are:

	<u>Elastic demand</u>	<u>Inelastic demand</u>
A	total revenue declines	total revenue declines
B	total revenue declines	total revenue increases
C	total revenue increases	total revenue declines
D	total revenue increases	total revenue increases

Question 44

The three indicators of the state of the labor market that the U.S. Census Bureau calculates include all of the following, except:

- A. the unemployment rate.
- B. the total labor compensation.

- C. the labor force participation rate.
- D. the employment-to-population ratio

SS7/8/9/10-Financial Statement Analysis

Question 45

Assume U.S. GAAP (generally accepted accounting principles) applies unless otherwise noted. A company's cash conversion cycle is most likely to decrease if that company experiences a (n):

- A. increase in the payables turnover ratio
- B. decrease in the inventory turnover ratio.
- C. increase in the receivables turnover ratio
- D. decrease in the payables payment ratio.

Question 47

Assume U.S. GAAP (generally accepted accounting principles) applies unless otherwise noted. An analyst gathered the following information for a company:

Ratios	2005	2004	2003
Inventory turnover	5	6	7
Total asset turnover	6	5	3
Accounts payable turnover	9	9	8
Accounts receivable turnover	11	12	15

All other factors being equal, which of the following is the best conclusion with respect to the information above? From 2003 to 2005, the company's:

- A. fixed asset turnover increased
- B. credit policies became more strict.
- C. cash conversion cycle became shorter.
- D. average inventory processing time decreased.

Question 50

Assume U.S. GAAP (generally accepted accounting principles) applies unless otherwise noted. In 2007, a company reported net income of \$130 million and cash flow from operations of \$120 million. All else equal, the *most likely* explanation for the difference between net income and cash flow from operations in 2007 is that the company:

- A. tightened credit policies and increased collection efforts during the year.
- B. purchased new property, plant, and equipment at the beginning of the year.
- C. sold a long-term investment for an amount equal to book value at the end of the year.
- D. increased raw materials inventory in anticipation of increased sales at the end of the year.

Question 54

Assume U.S. GAAP (generally accepted accounting principles) applies unless otherwise noted. During 2007 Nagano Incorporated, a manufacturing company, reported the following items on their income statement:

Loss on disposal of fixed assets	\$50,000
Interest expense	\$62,500

The correct classification of each of these items on the income statement would be as a(n):

	<u>Loss on disposal of fixed assets</u>	<u>Interest expense</u>
A	operating item	operating item
B	operating item	nonoperating item
C	nonoperating item	operating item
D	nonoperating item	nonoperating item

Question 58

Assume U.S. GAAP (generally accepted accounting principles) applies unless otherwise noted. Which of the following factors is an analyst *least likely* to consider when determining if a company's deferred tax liabilities should be treated as a liability or equity?

- A. The growth rate of the firm.
- B. The average discount rate of liabilities.
- C. The expectation that temporary differences will reverse.
- D. The use of accelerated depreciation methods for tax purposes.

Question 59

Assume U.S. GAAP (generally accepted accounting principles) applies unless otherwise noted. On January 1, 2007, Peoria Products Inc. entered into a lease agreement to lease a piece of machinery as the lessor. The annual lease payments are \$50,000, due December 31, the lease term is for 5 years, the machine has an estimated useful life of 5 years, and Peoria currently records the machine on its balance sheet at its cost of \$160,000. The incremental rate of the lease is 8% and they are reasonably assured of the collection of the lease payments. Which of the following best describes the classification and effect of the lease on Peoria's income statement for 2007?

- A. Operating lease. Rental revenue of \$50,000.
- B. Direct financing lease. Interest income of \$15,971.
- C. Sales type lease. Gross profit of \$39,635 plus interest income of \$15,971.
- D. Direct financing lease. Gross profit of \$39,635 plus interest income of \$15,971.

Question 63

Assume U.S. GAAP (generally accepted accounting principles) applies unless otherwise noted. An analyst gathered the following information about a company that uses the LIFO method:

LIFO reserve as of 31 December 2006	\$420,000
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LIFO reserve as of 31 December 2007	\$450,000
Marginal tax rate	30%

If the company had used the FIFO method instead of LIFO, the company's 2007 net income would *most likely* have been:

- A. \$21,000 lower.
- B. \$9,000 lower
- C. \$9,000 higher
- D. \$21,000 higher

Question 64

Assume U.S. GAAP (generally accepted accounting principles) applies unless otherwise noted. Greene Corporation uses the LIFO inventory method, but most of the other companies in Greene's industry use FIFO. Which of the following best describes one of the adjustments that would be made to Greene's financial statements to compare that company with other companies in the industry? To adjust Greene's ending inventory to the FIFO method, the amount reported for Greene's ending inventory should be:

- A. increased by the ending balance in Greene's LIFO reserve.
- B. decreased by the ending balance in Greene's LIFO reserve.
- C. increased by the change in Greene's LIFO reserve for the period.
- D. decreased by the change in Greene's LIFO reserve for the period.

SS11-Corporate Finance

Question 70

An analyst gathered the following information about a company and the industry:

Liquidity measure	Company	Industry
Quick ratio	0.7	1.3
Current ratio	1.1	1.7
Days sales outstanding	38.5	30.2
Days payables outstanding	28.4	22.0

Based only on the data above, the measure that should most concern the analyst regarding the company's working capital management is the:

- A. quick ratio
- B. current ratio
- C. days sales outstanding
- D. days payables outstanding

Question 77

An analyst determined the following cash flows for a capital project:

Year	0	1	2	3	4	5
Cash flow(£)	-100	30	40	40	30	20

The required rate of return for the project is 13%. The internal rate of return (IRR) and the discounted payback period for the project, respectively, are closest to:

	<u>IRR</u>	<u>Discounted payback period</u>
A	14.85%	2.75
B	14.85%	3.78
C	19.25%	2.75
D	19.25%	3.78

SS13/14-Equity Investments

Question 79

Value Line Index and Nikkei-Dow Jones Average use which of the following methods in the computation of the holding period returns of underlying stocks, respectively?

	<u>Value Line Index</u>	<u>Nikkei-Dow Jones Index</u>
A	Arithmetic mean	Arithmetic mean
B	Arithmetic mean	Geometric mean
C	Geometric mean	Arithmetic mean
D	Geometric mean	Geometric mean

Question 80

The four firms in the Internet search engine industry have the following market shares:

Company	Market Share
Gigloo	50%
OhooHo	25%
MySearch	15%
Foxnet	10%

The Herfindahl Index and the "Equivalent Number" of firms in this industry, respectively, are closest to:

	<u>Herfindahl Index</u>	<u>"Equivalent Number" of firms</u>
A	0.345	4.00
B	0.345	2.90
C	0.478	2.90

D 0.478 4.00

Question 81

Chu Wang, CFA, gathered the following data to estimate the implied growth rate of dividends for Shenghai Toys Co. to use as an input for valuing the company's common stock.

Return on Assets	10%
Profit Margin	5%
Total Assets	CNY 50 million
Debt Ratio	40%
Payout Ratio	25%

Wang's estimate of Shenghai Toy's implied growth rate would be closest to:

- A. 4.17%
- B. 6.25%
- C. 12.50%
- D. 18.75%

Question 82

Which of the following is the *least accurate* statement about the short sale of stocks?

- A. The short seller must pay any dividends due to the lender of shares.
- B. A stop buy order would enable a short seller to minimize potential losses.
- C. Short sales involve time limits for returning the shares borrowed to the lender.
- D. A short sale can be made only on an uptick or a zero uptick trade if the previous trade was an uptick trade.

Question 83

The appropriate measures of free cash flow and discount rate to use when estimating the total value of a firm, respectively, are:

	<u>Measure of free cash flow</u>	<u>Discount rate</u>
A	operating cash flow before interest payments on debt	cost of equity
B	operating cash flow before interest payments on debt	weighted average cost of capital
C	operating cash flow before interest payments on debt but after deducting base capital expenditures	Cost of equity
D	operating cash flow before interest payments on debt but after deducting base capital expenditures	weighted average cost of capital

Question 84

On January 1, 2008, Abel Moreno, CFO of Monterrey Mining & Metals (MMM), gathered the following data to determine the attractiveness of the company's common stock:

Dividends per share in 2001	2 pesos
Dividends per share in 2007	3 pesos
Expected return on the market	17%
Expected nominal risk-free return	9%
MMM's beta	1.8
MMM share price, January 1, 2008	19 pesos

Based on the information gathered, MMM stock's intrinsic value and its attractiveness on January 1, 2008, respectively, were:

	<u>Stock's intrinsic value closest to:</u>	<u>Stock's attractiveness</u>
A	18.29 pesos	Over-valued
B	18.29 pesos	Under-valued
C	19.57 pesos	Over-valued
D	19.57 pesos	Under-valued

Question 85

Strongsville Fabricators Inc. used the FIFO method of inventory valuation. Assuming a rising costs environment and other factors held constant, Strongsville's price-to-earnings and price-to-book multiples relative to those for another company that uses the LIFO method of inventory valuation would be:

	<u>Price-to-earnings multiple</u>	<u>Price-to-book multiple</u>
A	overstated	overstated
B	overstated	understated
C	understated	overstated
D	understated	understated

Question 87

Jim Kleim, CFA, gathered the following data about India Garments Company in an effort to determine the growth rate of dividends and the payout ratio implied in the company's stock price:

Stock price	\$40
Stock's required return	12%
Consensus estimate of next year's dividend	\$2.00
Company's return on equity	10%

The company's dividend growth rate according to the Gordon model and the payout ratio, respectively, are closest to:

	<u>Dividend growth rate</u>	<u>Payout ratio</u>
A	5%	50%
B	5%	58%

C	7%	30%
D	7%	42%

Question 89

The most accurate characterization of the nature of abnormal returns relating to an anomaly and a source of unreliability of an anomaly, respectively, are:

	<u>Nature of abnormal returns</u>	<u>Source of unreliability of an anomaly</u>
A	Persistent	Behavioral bias
B	Persistent	Survivorship bias
C	Momentary	Behavioral bias
D	Momentary	Survivorship bias

Question 90

Robert Wu, CFA, gathered the following data on Westminster Property Developers Inc:

Earnings per share-most recent year	\$2.00
Expected growth rate of dividends	5.10%
Dividend payout ratio	60%
Stock's beta	1.50%
Market risk premium	5.60%
Risk-free rate	4.2%
Company's weighted average cost of capital	12%

Wu's best estimate for the company's price per share would be closest to:

- A. \$16.00
- B. \$16.82
- C. \$17.39
- D. \$18.28

SS15/16-Fixed Income Investments

Question 95

If the coupon rate of a bond is higher than its yield to maturity, the price of a bond forward on the coupon date of this coupon-bearing bond will be equal to:

- A. par value
- B. spot value
- C. less than par value
- D. more than par value

Question 98

According to the Liquidity Preference theory, is the term structure of interest rates most likely related to:

	Expectations about future rates	Interest rate risk?
A	No	No
B	No	Yes
C	Yes	No
D	Yes	Yes

Question 102

The difference between nominal spread and zero-volatility spread will most likely be greater for a:

- A. zero coupon treasury security
- B. mortgage-backed security in flat yield curve environment
- C. U.S. Treasury security with short maturity in a flat yield curve environment
- D. Mortgage-backed security in a steep upward-sloping yield curve environment

Question 106

An analyst gathered the following information about the market prices of two option-free bonds, and their expected prices given a 50 basis point increase or decrease in yield.

Bond.	Market Price	Expected Price for	
		50 bp Increase	50 bp decrease
A	102.00	101.04	102.97
B	88.69	83.81	94.07

The effective durations of Bond A and B are closest to:

	<u>Bond A</u>	<u>Bond B</u>
A	0.95	5.78
B	0.95	11.57
C	1.89	5.78
D	1.89	11.57

Question 107

A U.S. investor has purchased a tax-exempt 5-year municipal bond at a yield of 3.86%, which is 100 basis points less than the yield on a 5-year option-free U.S. Treasury. If the investor's marginal tax rate is 32%, then the taxable-equivalent yield and the yield ratio are closest to:

	<u>Taxable Equivalent Yield</u>	<u>Yield Ratio</u>
A	2.62	0.79
B	2.62	1.26
C	5.68	0.79

D 5.68 1.26

SS18-Alternative Investments

Question 111

Which real estate valuation approach is *most likely* to require specific information about an investor to estimate the value of a property?

- A. Cost approach
- B. Income approach
- C. Sale comparison approach
- D. Discounted after-tax cash flow approach

Question 112

Do hedge funds typically have a(n):

	focus on relative return?	option-like fee structure?
A	No	No
B	No	Yes
C	Yes	No
D	Yes	Yes

Question 113

An analyst compared the performance of a hedge fund index with the performance of major stock index over the past eight years. She noted that the hedge fund index (created from a database) had a higher average return, higher standard deviation, and higher Sharpe ratio than the stock index. All the successful funds that have been in the hedge fund database continued to accept new money over the eight-year period. Are the average return and the standard deviation, respectively, for the hedge fund index *most likely* overstated or understated?

	<u>Average return for the hedge fund index</u>	<u>Standard deviation for the hedge fund index</u>
A	Overstated	Overstated
B	Overstated	Understated
C	Understated	Overstated
D	Understated	Understated

SS12-Portfolio Management

Question 115

In the context of capital market theory and the capital asset pricing model (CAPM), the average investor is *least likely* to be compensated for assuming risk that can be:

- A. reduced by diversification
- B. related to interest rate volatility
- C. related to changes in macroeconomic variables
- D. measured by the standard deviation of returns of the market portfolio

Question 116

As an investor assumes more risk and moves upward on the efficient frontier, the slope of the efficient frontier curve *most likely*:

- A. increases and expected return per unit of risk increases
- B. increases and expected return per unit of risk decreases
- C. decrease and expected return per unit of risk increases
- D. decrease and expected return per unit of risk decrease

Question 117

Which of the following statements about the relation between covariance and correlation is least accurate? If the covariance of returns between two assets is positive, the correlation coefficient for those two assets:

- A. must also be positive
- B. could be a negative number
- C. could indicate a strong positive relation if both return series were stable
- D. could indicate a weak positive relation if both return series were stable

Question 118

The risk-free rate of return is 3%, the market risk premium is 9%, and the market is in equilibrium. If a common stock with a beta of 1.2 is properly valued, then the stock's estimated rate of return is closest to:

- A. 10.2%
- B. 10.8%
- C. 13.8%
- D. 14.4%

Question 119

Regarding an individual's investment policy statement, which of the following is least appropriate as the investment objective? The portfolio seeks:

- A. current income in the form of dividends and interest
- B. 12% annual returns with above-average market risk
- C. to match the performance and risk characteristics of the S&P 500 Index
- D. long-term capital appreciation with market risk comparable to the MSCI EAFE Index

Question 120

An analyst gathered the following information about a common stock:

Probability	Possible Rate of Return
0.35	8%
0.30	10%
0.25	15%
0.10	20%

The expected return and expected standard deviation of returns, respectively, for the common stock are closest to:

- A. 12% and 3.9%
- B. 12% and 15.3%
- C. 14% and 3.9%
- D. 14% and 15.3%