27)   Consider a two-year project, where the cost of capital is 10%.

There are only three cash flows for this project.

- The first occurs at $t = 0$, and is -100.

- The second occurs at $t = 1$, and is 66.

- The third occurs at $t = 2$, and is X.

Determine X, the level of the cash flow at $t = 2$, that leads to the project breaking even.

(A)   34.0

(B)   38.4

(C)   44.0

(D)   48.4

(E)   54.0

4)   You are given the following information about a portfolio consisting of stocks X, Y, and Z:

Stock	Investment	Expected Return
X	10,000	8%
Y	15,000	12%
Z	25,000	16%

Calculate the expected return of the portfolio.

(A)   10.8%

(B)   11.4%

(C)   12.0%

(D)   12.6%

(E)   13.2%

3)   You are given the following information about the annual returns of two stocks, X and Y:

   i)   The expected returns of X and Y are $E[R_X] = 10\%$ and $E[R_Y] = 15\%$.

   ii)   The volatilities of the returns are $V_X = 18\%$ and $V_Y = 20\%$.

   iii)   The correlation coefficient of the returns for these two stocks is 0.25.

   iv)   The expected return for a certain portfolio, consisting only of stocks X and Y, is 12%.

Calculate the volatility of the portfolio return.

(A)   10.88%

(B)   12.56%

(C)   13.55%

(D)   14.96%

(E)   16.91%

2) You are given the following information about a portfolio with four assets.

Asset	Market Value of Asset	Covariance of asset's return with the portfolio return
I	40,000	0.15
II	20,000	-0.10
III	10,000	0.20
IV	30,000	-0.05

Calculate the standard deviation of the portfolio return.

(A) 4.50%

(B) 13.2%

(C) 20.0%

(D) 21.2%

(E) 44.7%